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Daily Report

East Asia

FBIS-EAS-95-170
Friday
1 September 1995

Daily Report
East Asia

FBIS-EAS-95-170

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Japan

Followup Insurance Talks With U.S. To Open

OW3108150695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Aug 95 Morning Edition p 7

[FBIS Translated Text] A two-day session of followup consultations based on the accord reached at negotiations on the insurance sector of the Japan-U.S. economic framework talks concluded last fall is set to begin in Washington on 5 September.

A revised insurance business law was enacted last May, with substantial changes in details such as liberalization of the insurance market in response to a U.S. request. Therefore, it is likely that no major points will be brought up. However, since Japan has fallen behind in conducting a survey requested in the accord on the actual situation of Keiretsu transactions on the insurance market, this issue will probably be brought up.

The Marine and Fire Insurance Association of Japan and the Association of Foreign Nonlife Insurance Companies [Gaikoku Songai Hoken Kyokai] are jointly conducting the survey on Keiretsu operations that the accord called for. Since selection of a research institute to conduct the survey has fallen behind schedule and no progress has been made in coordination, no survey results has been seen, although the accord was reached almost a year ago.

The U.S. Association of Non-Life Insurance Companies has not yet indicated its intention to bring up the survey as a major issue at the talks, but it will probably be discussed.

Tokyo, Moscow Fail To Agree on Fishing Row

OW3108082295 Tokyo KYODO in English 0656 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — Japan and Russia wrapped up two days of talks Thursday [31 August] without reaching an agreement on ways to secure the safety of Japanese fishing vessels operating in disputed waters off four Russian-held islands, a Foreign Ministry official said.

The Japanese and Russian negotiators agreed, however, to set a new date at the earliest possible opportunity for the next round of talks, the official said.

The meeting was the third round of talks since March. Discussions began after a series of incidents in which Russian patrol boats fired at Japanese fishing vessels in waters near the four islands northeast of Japan's northernmost main island of Hokkaido.

Russia claims some form of pact is needed to stop what it calls poaching in its waters, while Japan objects to paying fishing fees for fear that this could be interpreted as an implicit recognition of Russian sovereignty over the disputed islands.

Japan claims the four islands — Etorofu, Shikotan, Kunashiri and the Habomai islets — which were seized by Soviet troops after World War II.

The official who briefed reporters declined to disclose the contents of the two-day negotiations but said the talks were conducted amid a "friendly and constructive" atmosphere.

He said Japan and Russia are discussing ways to secure the safety of Japanese fishing boats without violating the two countries' respective positions on the islands.

Japanese officials from the Foreign Ministry, the Fisheries Agency and the Maritime Safety Agency attended the talks. The Russian mission included officials from the Foreign Ministry and the Fisheries Committee, border patrol members and staff from the Russian embassy in Japan.

Tokyo Protests France's Planned Nuclear Tests

OW0109102695 Tokyo KYODO in English 0930 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — Japan will take action against France in protest at its nuclear tests as it did against China last month, Foreign Ministry Spokesman Hiroshi Hashimoto said Friday [1 September].

At a press conference, Hashimoto declined to elaborate on what kind of action Japan will take, saying only that there will be no "gap" between Japan's actions against Beijing and against Paris.

Foreign Minister Yohei Kono summoned China's ambassador to Japan Xu Dunxin to protest against the Chinese nuclear test last month, the second of the year following one in May.

Japan also told China earlier this week that it will not give grants-in-aid to Beijing, except for those aimed at humanitarian purposes in protest at its repeated nuclear testing.

The measure was in line with Japan's guidelines for extending Official Development Assistance (ODA) to developing countries, which call for taking into consideration the aid recipient's military activity when giving aid.

But since France is not a developing country and does not receive Japanese aid, Tokyo's action against Paris will not include measures regarding economic cooperation.

Earlier in the day, a Tokyo antinuclear citizens' group said France will conduct a nuclear test at 1800 GMT Friday — 3 A.M. Saturday Japan time.

The citizens' nuclear information center said this timing was contained in information circulated on the Internet Global Communications Network by the group International Physicians for the Prevention of Nuclear War and is allegedly internal U.S. Government information.

France has said it is prepared to resume nuclear tests in the South Pacific at any time Friday or later.

Protests Spreading

OW0109070995 Tokyo KYODO in English
0619 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — Movements against nuclear testing have spread throughout Japan on Friday [1 September] ahead of France's planned resumption of nuclear testing in the South Pacific with demonstrations being held and a local assembly issuing an antinuclear resolution.

In Hiroshima, descendants of atomic bomb victims started a 72-hour hunger strike at noon Friday in protest against France's resumption of nuclear testing.

Hoisting a banner saying, "We will not permit France's nuclear testing," members of the atomic bomb victim's youth league gave passers-by handbills calling for the halting of France's action.

In Osaka, some 500 members of labor union and civic groups held a demonstration against France's nuclear testing. With placards denouncing nuclear weapons and nuclear testing, they marched to the French Consulate General in the city and handed a protest letter to French officials.

In Nagasaki Prefecture, a lawyers' group also issued a statement demanding China and France stop nuclear tests immediately.

"We cannot help but say the repeat of nuclear testing is a serious challenge against human beings," the statement said.

The city assembly of Utsunomiya, north of Tokyo, adopted a resolution against China's underground nuclear tests and France's plan to resume nuclear testing.

The resolution will be soon sent to the embassies of China and France in Tokyo, assembly members said.

On Awaji island, western Japan, a local group that plans to build a monument for the friendship between France and Japan has delivered a letter protesting nuclear testing to the French counterpart of the project, group members said.

The establishment of the monument, some 50 meters high and 210 meters wide, was first advocated by France in 1986, and Hyogo Prefecture invited the project to the island.

Saying the monument is a joint project between Japan and France for the purpose of pursuing peace, the letter said, "We hope the project will be promoted in the international society without the threat of nuclear (weapons)."

Takemura Decides To Join Rally

OW0109085095 Tokyo KYODO in English
0818 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — Finance Minister Masayoshi Takemura made a final decision Friday [1 September] to join an international rally in Tahiti to protest against the nuclear tests planned by France, despite criticism of his leaving Japan amid the turmoil following the recent failure of two financial institutions in western Japan.

Takemura has told Chief Cabinet Secretary Koken Nosaka about his decision, and is expected to leave Japan on Friday evening for a four-day trip, as part of a multiparty group of 21 Diet members.

A top Foreign Ministry official took Takemura to task, saying he should think carefully about whether, as the nation's chief financial official, he should go at a time of financial difficulties.

The Finance Ministry is busy handling the problems of Hyogo Bank, a regional bank based in Kobe, western Japan, and Kizu Credit Union of Osaka, both of which collapsed this week with huge amounts of bad loans.

Some members of the government, as well as some ruling and opposition party members, have criticized Takemura's plan to take part in the protest rally, and said France would probably consider his participation as representing the Japanese Government.

However, Takemura, who heads New Party Sakigake [Harbinger], the smallest component of the three-party ruling coalition, has said he will attend the Tahiti meeting as an individual politician, and not as a cabinet minister.

Nosaka To Reiterate 'Regret' Over PRC Test bat>[YOMIURI SHIMBUN 30 Aug]

OW3108133695 Tokyo YOMIURI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 2

[FBIS Translated Text] At a morning cabinet meeting on 29 August, the government officially decided to send Chief Cabinet Secretary Koken Nosaka to the World

Conference on Women as chief representative of the Japanese Government. The conference is scheduled to start in Beijing on 4 September. Nosaka will arrive in Beijing on 3 September and return home on 5 September. The government has requested the communist nation to agree to arrange talks with top Chinese officials for the 3-day period. If the talks materialize, Nosaka is expected to reiterate Japan's regret over the underground nuclear test China carried out recently.

Prime Minister Tomiichi Murayama will concurrently perform duties as the chief cabinet secretary during Nosaka's absence in Beijing.

Nosaka, Xu May Discuss PRC Aid Issue

OW3108122695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Aug 95 Morning Edition p 2

[FBIS Translated Text] It was decided on 30 August that Chief Cabinet Secretary Koken Nosaka will meet with Chinese Ambassador to Japan Xu Dunxin on 2 September. The ostensible reason is a send-off party for Nosaka, who will visit China starting 3 September.

When Vice Foreign Minister Sadayuki Hayashi conveyed Japan's decision to freeze its grants-in-aid to the communist nation on 30 August, Ambassador Xu reacted strongly, saying, "It is extremely regrettable." In view of this, Nosaka and Xu will likely engage in further discussion of the aid issue at the meeting.

Kim Yong-sun Remark 'Could Hinder' DPRK Aid

OW0109122795 Tokyo KYODO in English 1202 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — Japan on Friday [1 September] appeared ready to consider emergency aid to flood-stricken North Korea, but North Korean remarks that rice aid this summer was meant to be a Japanese apology could hinder progress of further assistance to Pyongyang, political sources said.

Chief Cabinet Secretary Koken Nosaka confirmed Friday that North Korea had made a request for emergency disaster assistance to the United Nations.

He added that Japan would consider a request for aid after the UN Department of Humanitarian Affairs makes an investigation of the damage in North Korea and submits the request.

Government sources said, however, that some members of the ruling coalition are still disturbed by a story in a South Korean magazine this summer.

In that story, Kim Yong-sun, a secretary in the Workers Party of (North) Korea, was quoted as saying that Japanese shipments of rice to North Korea earlier this summer to help alleviate its admitted food shortage were accepted as a form of apology from Japan.

The sources suggested that the disgruntled members of the ruling coalition are not likely to be easily persuaded into permitting aid to North Korea.

According to the Foreign Ministry, the United Nations has reported that the floods have victimized some 5.2 million North Koreans and caused damage worth an estimated 15 billion dollars.

The figures are about one-fourth of the North Korean population and more than 70 percent of the gross national product in the economically strapped country, the ministry said.

Ministry sources said Friday, in light of the UN report, that they would like to consider the question of flood aid as "separate from the trouble involving rice aid."

North Korea, which has been ravaged by torrential rains from late July into August, reportedly has asked the UN Department of Humanitarian Affairs and the World Health Organization (WHO) for emergency aid. A UN fact-finding team journeyed to the region near the Chinese border hardest hit by the storms.

In June, Japan agreed to provide 300,000 tons of rice to North Korea to help in its food shortages, but has halted shipments until it receives an explanation of Kim's remarks from Pyongyang.

APEC Group Urges Quicker Liberalization

OW3108095395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Aug 95 Evening Edition p 2

[FBIS Translated Text] The Eminent Persons' Group of intellectuals and experts of the Asian-Pacific Economic Cooperation (APEC) forum drew up on 30 August a report urging liberalization of markets in the APEC region by frontloading programs agreed upon in the Uruaguay Round of talks. The report was presented to Prime Minister Tomiichi Murayama by conference chairman Fred Bergesten (director of the International Economic Research Institute) and others of the group on the same day.

On liberalizing trade and investment, the major topic at the Osaka APEC meeting in November, the report says Japan, the host country, should help speed up liberalization within the region by applying the "50 percent rule," thus shortening the schedule for implementing the tariff reductions agreed upon in the Uruguay Round. The report also calls for developing countries in the region to speed up their actions to protect intellectual property rights.

The report says APEC nations should adopt their own dispute arbitration rules, emphasizing consultations among the parties concerned, apart from the rules of the World Trade Organization (WTO). Also mentioned is the need for specific action plans for technological cooperation and infrastructure improvement.

Kono Urged To Invite Taiwan's Li to APEC

OW0109113395 Tokyo KYODO in English
0807 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — Pro-Taiwan lawmakers urged Foreign Minister Yohei Kono on Thursday [31 August] to invite Taiwan President Li Teng-hui to the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November, a Foreign Ministry official said.

Members of the pro-Taiwan lawmakers forum — Masayuki Fujio, Shinji Sato and Isao Maeda of the Liberal Democratic Party (LDP) — made the call in a meeting with Kono at the Foreign Ministry, the official said.

Kono told the parliamentarians, however, that the matter is very serious and should be studied carefully by taking into account the precedents of two previous APEC summits.

Li was not invited to the APEC informal summit meetings in Seattle and Jakarta.

Japan has already indicated that it will not invite Li to the Osaka meeting.

It also will not allow Taiwan Deputy Premier Hsu Li-teh to attend to avoid antagonizing China, government sources have said.

China, which regards Taiwan as a breakaway province since the Nationalists fled the mainland after the communist takeover in 1949, strongly opposes any moves that could boost Taiwan rulers' political standing or encourage the islands's pro-independence movement.

Tokyo To Set Up Forum With Central Americans

OW2908150195 Tokyo KYODO in English
1444 GMT 29 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Japan and five Central American countries have agreed to set up a forum for high-level political dialogue, the Foreign Ministry said Tuesday [29 August].

The Central American nations involved are Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, the ministry said.

The accord was reached at Japanese initiative against the background of restored peace and progress in democratization in the region, ministry officials said.

Meeting once a year, the forum will focus on political dialogue and Japanese support for economic reconstruction in the countries long plagued by civil conflict, the officials said.

Tokyo Contributing to Overseas Aid Efforts

For Cambodia, Other Nations

OW2908140295 Tokyo KYODO in English
0817 GMT 29 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Japan will give 4.2 billion yen to the United Nations' World Food Program (WFP) to provide food assistance for refugees in Cambodia and Africa, the Foreign Ministry said Tuesday [29 August].

The Japanese aid will be used to provide food such as rice and wheat for the refugees, the ministry said.

Of the aid, 600 million yen worth of rice will go to people in Cambodia who are facing food shortage due to drought and the weakened agricultural production basis caused by the long civil war.

The ministry quoted WFP statistics as saying some 1.99 million people in Cambodia need food assistance.

The remaining 3.6 billion yen will go for food for refugees from African countries including Liberia, Sierra Leone, Rwanda, Burundi, Somalia, Ethiopia and Sudan.

According to the UN High Commissioner for Refugees (UNHCR), some 11.82 African refugees are in need of aid.

For African Nations

OW2808074895 Tokyo KYODO in English
0418 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — Japan will extend $20 million to the office of the United Nations High Commissioner for Refugees (UNHCR) to help Rwandan and Burundi refugees return to their home countries, Foreign Ministry officials said Monday [28 August].

Japan will also extend 1.8 billion yen worth of food aid through the World Food Program to help refugees in Zaire and Tanzania and those who are taking refuge in their own countries, the officials said.

It also plans to extend a small grant-in-aid to Zaire to help the country overcome difficulties it is facing in connection with refugees who have been staying in the country for a long time.

Zaire expelled some 15,000 Rwandans and Burundians earlier this month.

For Kenya

*OW2808135395 Tokyo KYODO in English
1211 GMT 28 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — Japan will extend Kenya grant-in-aid totaling 1.57 billion yen to finance projects to improve a medical training college and to boost food production, the Foreign Ministry said Monday [28 August].

Kenya's Finance Minister Musalia Mudavadi and Japanese Ambassador to Kenya Shinsuke Horiuchi exchanged documents on the Japanese aid in Nairobi, the ministry said.

The aid consists of 800 million yen for a project to increase food production and 775 million yen for a project to modernize Kenya medical training college, it said.

BOJ Makes Large Loans to Hyogo, Kizu

*OW0109091095 Tokyo KYODO in English
0720 GMT 1 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The Bank of Japan [BOJ] has extended 500 billion yen in emergency loans to bankrupt Hyogo Bank and Kizu Credit Union to facilitate withdrawals by depositors, banking sources said Friday [1 September].

The figure far exceeded the approximately 30 billion yen provided by the central bank to another failed credit union, Cosmo Credit Corp. of Tokyo.

The sources said that Kobe-based Hyogo Bank, which ranked first among second-tier regional banks, received more than 300 billion yen from the central bank in the last few days.

Kizu, Japan's leading credit union, received more than 100 billion yen in emergency loans from the central bank on Thursday, they said.

In addition, they said Kizu obtained about 100 billion yen in emergency aid from the national federation of credit cooperatives, the governing body of credit unions across the nation.

The sources said the two institutions still require tens of billions of yen in additional loans from the central bank to meet the continuing outflow of money.

'Administrative Guidance' Fails in Hyogo Bailout

*OW0109113995 Tokyo KYODO in English
1000 GMT 1 Sep 95*

["News Focus: Hyogo Disposal Case Illustrates Loosening of MOF Reins"]

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The tactics used for rescuing the cash-strapped Hyogo Bank signal a loosening of the reins by Japan's Finance Ministry in steering the country's financial policy.

In disposing of a mountain of nonperforming loans that has weighed down the nation's top regional bank, the Finance Ministry opted for reorganizing it into a new entity, instead of applying the usual arm-twisting to big banks to persuade them to take care of a problem bank through mergers or the transfer of operations.

Banking sources say the ministry was left with no option but to create a new entity to bail out Hyogo, after all candidate banks nixed informal ministry requests for financial support.

"During the era when the 'convoy system' worked in the banking industry, the winning of cooperation on Hyogo from other banks would have been relatively easy just by wielding influence in the form of 'administrative guidance'," said a senior official of the ministry's banking bureau.

Under the so-called convoy system, the strong take care of the weak in order to keep the entire banking armada afloat.

For now, it is difficult to find banks which can accept the practice without it having any influence on their financial standing, the official said.

He was referring to the fierce competition in the banking industry driven by financial liberalization that has rendered the ministry's administrative guidance ineffective.

Kobe-based Hyogo Bank has been caught in a cash shortage as many of the loans it aggressively extended for real estate deals during the "bubble" era of the late 1980s turned nonperforming following the bursting of the bubble in the early 1990s.

Its plight deepened following the Jan. 17 great Hanshin earthquake in Kobe, which left much of the industrial activity of Kobe-based companies, its major clients, paralyzed.

At present, the bank is saddled with 1.5 trillion yen in nonperforming loans, including 790 billion yen in loans deemed irrecoverable.

The latest bailout scheme outlined by the Finance Ministry calls for the bank's operations to shift to a new bank, to be created jointly by commercial banks and other private enterprises next year.

Originally, the ministry wanted to have Sumitomo bank, a leading shareholder, play a key role in salvaging Hyogo, according to reports circulating in early May.

Specifically, the reports said the ministry has decided to have Sumitomo send its own executives to Hyogo as part of its reconstruction plan.

A Sumitomo official reacted strongly against the reported plan, saying, "Just being a top shareholder is no reason for accepting a request to send executive-class officials and provide financial support."

"We could not win the class-action lawsuit which would be filed against us by our own shareholders," said the official.

He said Sumitomo would flatly turn down any requests from financial authorities to provide financial assistance to Hyogo.

The episode illustrates how financial authorities' grip on individual banks has loosened recently.

A senior official at a major commercial bank said, "It has become less necessary for us to bow down to the Finance Ministry when filing an application for opening a new outlet."

The Finance Ministry, for its part, emphasizes the private sector's role in rescuing Hyogo, with ministry officials saying private companies, not the ministry or the Bank of Japan [BOJ] should assert leadership.

A ministry official said the ministry has already asked Junzo Yoneda, consultant of Sakura Bank and vice president of the Kobe Chamber of Commerce and Industry, to take the helm of the new bank.

A financial authority source said, "Former ministry and BOJ officials will not be sent to the new bank, which should be run purely as a private entity. The BOJ will not enter into equity participation in it."

The Finance Ministry has traditionally sent its own former senior officials when rebuilding ailing banks. Hyogo, for example, is headed by a former head of the ministry's banking bureau.

"It has become a thing of the past for us to get everything done the way we want," said a senior ministry official.

Eight Banks Agree on Bailout Plan for Seiyo

OW0109055295 Tokyo KYODO in English
0419 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The eight main lender banks to Seiyo Corp., the financially troubled real estate arm of Saison Group, have agreed to a bailout plan that includes lower interest rates on loans worth 400 billion yen, officials of the banks said Friday [1 September].

The banks are Dai-ichi Kangyo Bank, the Industrial Bank of Japan, Mitsubishi Bank, the Long-Term Credit Bank of Japan, Mitsubishi Trust and Banking Corp., Mitsui Trust and Banking Co., Yasuda Trust and Banking Co. and Sumitomo Trust and Banking Co.

Under the plan, which will be implemented from October, payment of the 400 billion yen loans will be postponed, and the loans' interest rate will be cut from the 4 percent to 1 percent.

The interest rate reduction will help slash Seiyo's burden by about 10 billion yen a year, the officials said. The banks will hold separate talks with Seiyo to discuss the details of the plan, they said.

Meanwhile, the Seibu Group companies will help Seiyo by offering stocks and real estate to be used as resources for withdrawing from unprofitable businesses. The companies will also take over some of Seiyo's operations, the officials said.

Violations Cited in Kizu Credit Union Deposits

OW3108132095 Tokyo KYODO in English
1226 GMT 31 Aug 95

[FBIS Transcribed Text] Osaka, Aug. 31 KYODO — Nearly 90 percent of large-lot deposits made with the bankrupt Kizu Credit Union as of July 1993 were made by nonmembers of the union in violation of Japanese law, Osaka Prefectural Government officials said Thursday [31 August].

Under the law, deposits made by nonmembers of a credit union, which serves small- and medium-sized businesses, must not exceed 20 percent of its balance of deposits.

Out of large-lot deposits of 50 million yen or more made with the union, 87.7 percent, or 236.9 billion yen, were made by nonmembers, according to inspections by the Osaka Prefectural Government in July 1993.

Large-lot deposits made by nonmembers as of October 1994, however, decreased to 234.3 billion yen or 79.6 percent of the total.

The Osaka government supervises the operations of credit unions in the prefecture.

Nosaka on Financial Institutions' Bad Loans

OW3108143995 Tokyo ASAHI SHIMBUN NEWS CONFERENCE REPORT in Japanese 0859 GMT 31 Aug 95

[News conference by Chief Cabinet Secretary Koken Nosaka with unidentified reporters at the conference room of the prime minister's official residence on the afternoon of 31 August]

[FBIS Translated Excerpt] [passage omitted] [Reporter] Regarding financial institution's bad loans, you were saying that nothing would be incorporated in the new economic measures that will be announced on 20 September. Following the recent economic situation, however, do you think that at least the future course of saving the troubled housing loan firms will be explained in the measures?

[Nosaka] I am consulting with the finance minister, too, about this issue. If I may convey literally what the finance minister said, the major crisis is over and stability will be maintained in the financial circles. This is the first point. You said the issue of troubled housing loan firms is left unsolved. Well, their parent banks are still in business and the ruling parties are thoroughly studying the bad loan issue. The council, too, is studying the issue. Also, the Ministry of Finance itself has started to investigate this issue. Therefore, I think we will promote and implement measures to deal with the issue while coordinating the results of these studies to find a course and method that is acceptable to the people.

[Reporter] When do you think they will reach their conclusions?

[Nosaka] Well, as soon as possible, I hope. For example, it is possible that public funds may be used to settle the issue. I think we will need time if we are to deal with the issue prudently while coordinating opinions among the three parties. As I said earlier, however, we need, while avoiding a rough-and-ready method, to settle this financial issue as soon as possible, and form a stable financial system as part of the measures to reflate the economy. I am sure the Ministry of Finance will announce the contents of measures sooner or later. Nobody has told me yet when the measures will be worked out. [Passage omitted]

MOF Official Interviewed on Derivatives

952A0625A Tokyo KINYU ZAISEI JIJO in Japanese 19 Jun 95 pp 28-31

[Interview with Toshio Muraki, chief of the Banks Division, Ministry of Finance Banking Bureau, by staff writer Haruo Tanigawa; place and date not given]

[FBIS Translated Text] *The Financial System Research Council's Committee To Investigate Basic Problems recently completed a report titled "Responding to the Development of New Roles for Financial Intermediaries." Seeing the growing possibility of an expansion in the liquidization of credit claims and derivative transactions, where risk management and information production have been put to use in the changing environment of the financial system, the authors point toward the need to prepare an infrastructure that will facilitate sound development in both these areas. Toshio Muraki, chief of the Banks Division, Banking Bureau, Ministry of Finance [MOF], is asked about the main points of the report and the responses of the overseeing agencies.*

Indirect Regulations Are Basic Approach for Derivatives

[Haruo Tanigawa] this latter part of its deliberations, the Committee To Investigate Basic Problems focused on derivatives and the liquidization of credit claims [mortgaged collateral, etc.]. What were its basic thoughts on these?

[Toshio Muraki] When the committee was set up, it was concerned with the problem of how one goes about ensuring the soundness of a financial institution's management at a time when financial risks were becoming more diversified, more complicated and growing in scope. In their mid-term report, committee members made the following recommendations:

(1) that above all, it was necessary for financial institutions themselves to improve their risk management capabilities;

(2) that the market's monitoring role should be used as an incentive to accomplish the above;

(3) that the administration should augment, or complement, this market function and, from the standpoint of encouraging management's self-regulation, it should improve its post-monitoring system and establish appropriate standards of soundness.

On the reverse side of these changes in the risks surrounding financial institutions, we find the appearance of products known as derivatives and the liquidization of credit claims.

Derivative trading is a very convenient tool and method for managing risk. On the other hand, depending on how it used, it can be the source of enormous losses. This doesn't always mean that derivatives are a zero-sum game. The significant role that derivative trading plays in the national economy should clearly be noted. At the same time, the committee's concern in this report was to have the necessary infrastructure in place so that the derivative business could show a sound growth without damaging the health of financial institutions.

To the committee's way of thinking, there are two approaches to this problem: the direct regulatory approach and the indirect regulatory approach. The first method is to restrict the amount and range of products that can be handled. The second method, while expecting financial institutions to improve their risk management capabilities and accurately grasp the constantly changing risks involved in derivative trading for their entire operations, would require adequate owner equity to act as a buffer against any ultimate losses.

An important point in the report comes in its conclusion that the basic problem or task to be addressed is that of preparing the foundations for the second, indirect approach, which is the main approach used in other countries. Specifically discussed were: capital adequacy regulations, monitoring as an incentive to get financial institutions to improve their risk management capabilities, and setting up an accounting system and expanding the scope of disclosure requirements so that the market has a better, quicker way of knowing the risks being carried by financial institutions.

Specialization Is Global Trend

[Tanigawa] Why does the report stress the importance of "unbundling financial services through the market"?

[Muraki] In the leading countries of the world, the services or functions of financial institutions are undergoing a process of "unbundling." The services of financial intermediaries—providing pre-loan investigations, providing actual funds and bearing credit risks, managing loans—in the past, these had all been provided by a single financial institution. But a trend has emerged where financial institutions are specializing in specific services; for example, in the liquidization of credit claims, one institution may only conduct the investigations, entrusting the other services to another financial institution.

When we turn to Japan's financial institutions, on the other hand, we still don't see the same kind of focus strategy that we see in the United States, but from the perspective of the national economy, I think we can say the specialization of financial institutions in areas where they have relative superiority is a desirable trend. Of course, the decision about which financial institutions go into which services should be the decision of their respective managers based on the principle of self-responsibility. Neither the administration nor the Financial Systems Research Council are in the position to meddle in such matters. But it is important, according to the committee's report, that a financial framework be established making it possible for financial institutions to choose various services on the basis of the freely arrived at decisions of their respective managements.

[Tanigawa] In so saying, you are not rejecting the idea of financial institutions bucking this trend to provide comprehensive services, are you?

[Muraki] No. Of course, not. If managers feel that it is desirable to offer comprehensive financial services after examining their funding base, including their personnel and assets, then that's their decision. No one is saying that unbundling services is the best course. An important role for the administration and financial system is preparing the framework that allows as much freedom of choice as possible.

Preparing Choices for Diverse Range of Organizations

[Tanigawa] Mention was made, as a possible direction, of financial holding companies, which are currently banned under the Antimonopoly Act. The merits of lifting the ban...?

[Muraki] It's said there are certain advantages to taking the form of a financial holding company; for example, compared to the parent-subsidiary arrangement, holding companies have an easier time preventing conflicts of interest and the spread of risks among sibling companies. It has been pointed out that such companies would have more maneuverability in developing various strategic services and that the actual risks attached to the different service, or business, categories would be clearer, thus making bank supervision easier.

Financial holding companies had thus been proposed as a strong option in debates preceding the financial system reforms that are now in progress. But it was unfeasible at the time to revise Article 9 of the Antimonopoly Act just for the sake of financial institutions, and the present different-business-category subsidiary formula was chosen. However, in its "Plan To Promote the Relaxation of Regulations" this March, the Fair Trade Commission, while attaching a number of reservations, decided to study the feasibility of lifting the ban on pure holding companies within three years. For its part, the Financial System Research Council also concluded in its report that the matter should be investigated and the situation reassessed.

However, even if the ban against financial holding companies were to be lifted, this is not to say that all financial institutions should become holding companies. If companies feel separate-service subsidiaries are preferable as far as their management strategy is concerned, then there's nothing wrong with structuring themselves along these lines. What the authors of the report wanted to stress was that their freedom of choice wasn't being taken from them. Rather, the authors felt companies should be given as many options to choose from as possible from the start.

[Tanigawa] What sort of measures will the Finance Ministry take with regard to derivative trading in order to encourage financial institutions to carry out appropriate risk management?

[Muraki] First of all, guidelines have been drawn up to indicate points that should be considered when financial institutions are setting up a risk management system. The times being what they are, it's not appropriate for the government to meddle in the private sector down to the smallest detail; but as a result of deliberations [in the Financial System Research Council], during which reference was made to the guidelines published last July by the Basel Bank Supervisory Council, a report was sent to us to the effect that it would be a good idea to point out MOF's basic thoughts on the matter, and a notice [to financial institutions under our jurisdiction] is scheduled to be sent out very shortly.

A second line of thought is to check risk management systems at the time inspections, etc. are scheduled and, by announcing these check points, to encourage financial institutions to set up appropriate systems. The Financial Inspection Department may be able to announce these check points in the future.

One other line of thought is for the managing authorities to have a firm grasp of the actual situation by requiring that reports be filed with them. This would be a precondition for checking whether there were any financial institutions involved in derivative transactions beyond their risk management capabilities or their ability to meet their obligations.

Along more indirect lines, the committee feels that two problems that should be addressed by overseeing agencies is the expansion of the disclosure system and the preparation of an accounting system that would utilize the monitoring role of the market.

Present Accounting System Hampers Transactions

[Tanigawa] A lot of time seems to have been spent looking into the necessity for current price accounting.

[Muraki] Japan's accounting system is based on the acquisition cost principle and, for all but a small segment of financial products, does not take latent profits at the end of a business period into account. But there is a problem with this principle when selling and buying occur repeatedly over a short period of time as in the case of derivative-related trading. In such cases, it is difficult to accurately assess the risks carried by a financial institution or to convey accurate information to the investor.

Also as the result of arbitrage and attempts to hedge risks, transactions, despite their having the same original cash flow value, complicate account settlements since profits and losses are realized at different times. Ultimately, this seems to be one of the factors hampering the sound development of the securities business and one of the reasons our leading banks are using swap subsidiaries in the United States and England, rather than in Tokyo, to carry out their transactions.

The Committee To Investigate Basic Problems is therefore stressing the need to study the feasibility of adopting current price accounting standards in trading accounts, or at least in those of financial institutions. But this issue affects a basic part of the "three-cornered" system comprised of corporate accounting principles, tax laws and Japan's commercial law, which have been built on the acquisition cost principle. The report brings a sense of urgency to the problem, strongly urging the agencies concerned, including our office, to aggressively look into how accounting standards for our financial institutions should be set up—in other words, into the necessity, from an international perspective, of adopting the current price accounting principal.

[Tanigawa] The prospects for adopting the current price principle...?

[Muraki] The acquisition cost principle has been the basis for our accounting system for a long time, and it would be difficult to change it in a day. While fully coordinating their efforts, the Ministry of Justice and the Finance Ministry's Securities Bureau, which has jurisdiction over matters concerning corporate accounting principles, want to move in that direction as soon as possible. Of the two committees set up at the 1 June general meeting of the Financial System Research Council, Committee No. 2 will take up the theme of preparing the foundations for derivative transactions and is also expected to follow up on the question of accounting systems.

Committee No. 1 To Take Up Bankruptcy Debate

[Tanigawa] In a country like Japan where there's such a tight relationship between nonbanks and corporations, will people take to the idea of liquidizing credit claims?

[Muraki] I can't say that side of the issue doesn't exist. It may take some time before the liquidization proceeds with the same impersonal "dryness" we see in the United States.

But, we can expect the problem to be resolved through schemes like the recently proposed loan participation program mentioned in the report, where it's possible to shift the risk without changing the credit-debt relationship. It is also a fact that a move has begun among Japanese firms to liquidize credit claims using overseas markets. The liquidization of credit claims appears to be inevitable when we consider the increasing, diversified fund-raising needs of business corporations, the necessity for financial institutions to improve their risk management capabilities, and the trend, mentioned earlier, toward unbundling services.

[Tanigawa] Will greater liquidization bring changes to overseeing agencies?

[Muraki] The services provided by financial institutions and the products they handle have become much more diversified and complicated now than in the age when their main business was traditionally in loans and deposits. It's become necessary in their relationship with customers not only to explain what the product is that they are selling' but the risks that are involved and to offer products that match the level of risk their customers are able to handle. Overseeing agencies, I think, will also be stressing even more strongly the necessity of protecting investors. Incorporated into the report, too, was the idea of expanding disclosure requirements as one of the steps in preparing an infrastructure that will foster a market for the liquidization of credit claims.

[Tanigawa] The midterm report was expected to address certain questions that hadn't been addressed earlier—questions about insuring the stability of the financial system and possible responses in the event financial institutions went bankrupt.

[Muraki] When the Committee to Investigate Basic Problems was established, it set out to address three central concerns: 1) how risk management systems should be set up, 2) preparing the foundations for such a system, and 3) dealing with the possibility of future bankruptcies. Point 1 in the midterm report was dealt with in the current report, which took up the liquidization of credit claims and derivative transactions as tools for creating the infrastructure that is the focus of point 2. Point 3 has called forth a great deal of debate with the questions surrounding the recent liquidation of two bankrupt Tokyo credit unions.

It is true that for the committee there are still some unfinished themes. But with its recent report, its deliberations have been concluded for the time being, and it was felt the question about responding to future bankruptcies could be dealt with appropriately elsewhere. Thus, Committee No. 1, one of the newly established committees under the Financial System Research Council, is expected to take up questions such as expanding the role of the Deposit Insurance Corporation and how joint financial institutions should be set up.

Ministry Licenses Trust Banking Subsidiaries

OW0109042895 Tokyo KYODO in English
0410 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The Ministry of Finance (MOF) said Friday [1 September] it has licensed subsidiaries of Tokai Bank and Norinchukin Bank to engage in trust banking business.

The two newcomers are Norinchukin Trust and Banking Corp., based in Tokyo, and Tokai Trust and Banking Co. of Nagoya.

They will join four other trust banking subsidiaries of commercial banks and brokerages, which have already licensed by the ministry.

BOJ Reports Liquidity Shortage in August

OW0109055695 Tokyo KYODO in English
0502 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The Bank of Japan [BOJ] said Friday that it saw a net liquidity shortage of 1.17 trillion yen in the banking system in August, compared with a shortage of 315.1 billion yen posted a year earlier.

The central bank saw a net 212.8 billion yen inflow of bank notes, down from 739.3 billion yen in August last year, while an outflow of fiscal funds reached 1.38 trillion yen, up from 1.05 trillion yen.

An outflow of funds from government bond issues hit 4.94 trillion yen, up from 3.78 trillion yen, while an inflow of funds from the redemption of government bonds reached 2.95 trillion yen, up from 2.57 trillion yen.

The BOJ posted a net 894.4 billion yen (about 8.5 billion dollars) inflow of funds from its dollar-support interventions, up from 152.4 billion yen. About 4.0-4.5 billion dollars are estimated to have been bought in the market in August.

Hashimoto Envisages Big Supplementary Budget

OW0109110295 Tokyo KYODO in English
1027 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — International Trade and Industry Minister Ryutaro Hashimoto called Friday [1 September] for an economic package backed by a large supplementary budget for fiscal 1995, ministry officials said.

Attending a meeting of heads of regional bureaus of international trade and industry, Hashimoto said the government should work out a full-scale package of measures to stimulate the Japanese economy after securing a "sufficient" supplementary budget, which is due to be compiled in late September, according to the officials.

The Ministry of International Trade and Industry (MITI) convened the meeting to gauge regional conditions so as to have them reflected in the new economic package.

Participants in the meeting reported the continuation of difficult economic conditions, such as stagnant personal consumption, housing investment and manufacturing operations, as well as an increase in "surplus" workers, the officials said.

Bureau chiefs from the Tohoku, Chugoku and Kyusuhu regions reported that more smaller firms are facing cash flow problems, the officials said.

In the Chugoku region, moreover, the numbers of workers and days subject to layoffs since April have each increased ninefold compared with the same period of last year, according to the officials.

Tokyo Government Plans Bailout Funds for Cosmo

OW3108140195 Tokyo KYODO in English
1309 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — The Tokyo Metropolitan Government plans to draft a 20 billion yen supplementary budget for this fiscal year and inject 2 billion yen into a bailout plan for the bankrupt Cosmo Credit Corp., officials said Thursday [31 August].

The money will be the first installment of the 20 billion yen over the 10-year period the government is to spend on the bailout plan mapped out with the Finance Ministry and the Bank of Japan, the officials said.

The fiscal 1995 supplementary budget will be presented to the metropolitan assembly on Sept. 12 when it is scheduled to open a regular assembly session, they said.

The development came after assembly members belonging to the major ruling blocks within the assembly dropped their opposition to the use of public money for a financial institution going bankrupt due to improper business practices, the officials said.

These key assembly members met Tokyo Metropolitan Government officials to exchange views on financial matters following the collapse on Wednesday of two more financial institutions — Hyogo Bank in Kobe and Kizu Credit Union in Osaka.

At the meeting, one assembly member reportedly said, "I don't want to be told that a rejection by the metropolitan assembly has deepened the financial crisis."

Assembly members by and large have been opposed to any financial assistance to Cosmo Credit on the grounds that its crisis resulted from the credit union's lax business management.

The metropolitan assembly rejected earlier this year a bailout plan for two bankrupt credit unions — Tokyo Kyowa Credit Association and Anzen Credit Bank — that called for the use of 30 billion yen in public money for the rescue package.

The bailout plan for Cosmo Credit calls on its creditors to give up part of their claims and let a special bank set up to take over Tokyo Kyowa and Anzen also take over Cosmo Credit.

'News Analysis' Views Budget Considerations

OW3108145695 Tokyo KYODO in English
1443 GMT 31 Aug 95

["News Analysis" by Keiko Tatsuta: "Drastic Measures Urged for FY96 Budget"]

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — In preparing to compile a national budget for fiscal 1996, the Finance Ministry appears to be caught between calls for massive fiscal support to bolster the ailing economy and emerging fears of running into fiscal deficit.

The ministry wants to trim fiscal 1996 budget allocations as much as possible, as requests from government ministries and agencies, totaling some 79 trillion yen, have exceeded its revenue estimate of 70 trillion yen.

Amid lingering fears of Japan's economy falling into a deflationary spiral, however, expectations are growing for increased government spending.

Although deficit-covering bond issues may be inevitable in the initial budget for the next fiscal year, starting in April, the ministry should make drastic cuts and redistributing revenues in the budget so as not to worsen the fiscal imbalance, said Masaru Takagi, chief economist at Fuji Research Institute.

Takagi urged a sharp increase in outlays for public works projects through the issuance of construction bonds with a view to helping the economy recover.

At the same time, he called for pruning unnecessary and nonurgent expenses, including subsidies which have become meaningless in terms of their original purpose.

The worst scenario would be that the ministry fails either to stimulate the economy or to stop financial conditions deteriorating, he said.

Judging it unavoidable to float deficit-financing bonds to cover a revenue shortfall in fiscal 1996 for the first time in seven years, the ministry is apparently ready to strictly review the structure of government expenditures.

In screening budgetary requests toward the end of this year, "we will slash expenses by examining the origin of existing systems, without making exceptions of such untouchable fields as agriculture, social security, education and ODA (Official Development Assistance)," said an official of the ministry's budget bureau.

But a senior bureau official admitted there would be a limit to such efforts, saying, "I'm not confident that our finances will not go beyond the watershed."

"Watershed" here means the principle of balancing the nation's finances — the basic constitution of the Finance Ministry.

Concerns are growing within the ministry that finances, once over the watershed, might run down the slope toward deficit.

Kazuaki Harada, chief economist at Sanwa Research Institute, affiliated with Sanwa Bank, urged the ministry to change its views on government bond issues in order to get out of its dilemma.

Japan's economy is in a vicious circle whereby excessive savings are leading to a massive current account surplus, the yen's appreciation, an economic slump, sluggish domestic corporate capital investment, and then an increase in savings, Harada said.

"To get rid of this vicious circle, the government should make good use of excessive savings to improve social infrastructures through the issuance of public bonds," Harada said.

The ratio of outstanding public debts to the gross domestic product (GDP) is expected to stand at more than 58 percent at the end of fiscal 1995 on March 31, comparable to the U.S. fiscal condition, ministry officials said.

At the same time, Japan posted a current account surplus of $125 billion in fiscal 1994, that is, an excess of savings, they said.

Meanwhile, the ruling coalition has started a review of the government bond policy at its study group, coalition sources said.

The present finance law stipulates public works projects which can be financed by construction bonds.

Since projects in such fields as development and research and telecommunication networks are not covered by the law, outlays for these projects cannot help but rely on deficit-covering bonds.

"It is necessary to devise fresh financial sources so as not to depend on deficit bonds," an official of the ruling coalition said.

The Finance Ministry, however, seemed critical of Harada's advice and the ruling coalition's moves.

"After all, we'll face a nonstop deterioration of finances, and like Britain and the United States, a nation covering its finances with debts will head toward decline," a ministry official stated.

Without embodying a fiscal vision for public bond policy and the people's cost-burden for redemption of government bonds in the future, the government may not be able to escape its dilemma.

Editorial Urges Cutback in Defense Spending

OW0109113695 Tokyo MAINICHI SHIMBUN in Japanese 31 Aug 95 Morning Edition p 5

[Editorial: "Further Reduction Needed"]

[FBIS Translated Text] Is it really necessary for Japan to continue buying expensive military equipment in the post-Cold War era, since the Russian Army in the Far East, which was once a potential threat, has greatly lost its military strength?

You would ask this question if you examined the contents of the Defense Agency's [DA] FY96 budget request, compiled on 30 August.

In the request, the DA is seeking defense spending totaling 4.8606 trillion yen, up 2.9 percent from the current year's outlay.

Earlier this month, the DA and the Liberal Democratic Party [LDP] confronted with the Social Democratic Party [SDP] over a ceiling on defense spending. The DA and the LDP demanded that the growth rate of the FY96 defense budget be 3.9 percent, while the SDP called for holding down the rate to 0.7 percent. In the end, the two sides compromised on a 2.9-percent growth. The increase in the FY96 defense budget requested by the DA equals this ceiling.

The DA has said that in compiling its budget request, it considered replacing obsolete frontal equipment, such as air fighters and escort ships [destroyers], with advanced ones and procuring necessary equipment for disaster relief operations.

Although the DA's budget request earns high points in that it includes expenses for reorganizing information networks to cope with the post-Cold War situation and promoting security dialogue with neighboring countries to build up relations of trust, it has many points that can be considered problematic.

One of them is a request for procuring 12 next-generation fighter support (FSX) planes.

Japan and the United States began a joint FSX development project in 1988. Because of some delay in the project, costs for developing the aircraft swelled from the originally planned 165 billion yen to 327 billion yen. Naturally, this has pushed up the price of an FSX plane from the originally estimated Y5.4 billion to 12.3 billion yen (which includes replacement parts).

The DA plans to procure FSX planes beginning in FY96 and deploy a total of 141 by FY2007.

The agency notes that procuring FSX's is necessary because three flying corps are in need of support planes. It also asserts that unless mass production of FSX planes begins, than the development costs would have been a waste. Moreover, it would have negative effects not only on the defense industry, but also on Japan-U.S. relations, the DA claims.

Some DA officials justify the procurement of FSX planes by asserting that the price of the aircraft will eventually decrease to about 8 billion yen per plane after mass production begins.

We can hardly accept such reasoning. We have insisted that the DA should neither order nor deploy FSX's in view of the cost performance of the aircraft. Or, does the DA think the general public would allow it to buy such expensive equipment? As for the agency's assertion that the defense industry would be affected if the FSX's are not purchased, this will invite public criticism that the agency has given priority to protecting the defense industry over making decisions based on defense policy.

The DA's budget request includes an outlay of 450 million yen for research on the theater missile defense (TMD) project. This is also problematic because the introduction of the TMD system is expected to cost 2-4 trillion yen.

The agency has said that the outlay will be used to gather materials needed for making a political decision on whether or not to introduce the system. But once the budget is approved, it will swell rapidly. We have seen such a case many times, and we are worried that this will happen again.

When the three ruling parties decided on a ceiling for defense spending, they agreed to make efforts to reduce the number of new contracts for the procurement of frontal equipment. In the process of budget assessment and compilation toward the end of the year, the Finance Ministry should examine the DA's budget request more carefully than usual and further cut back on defense spending based on the principle of civilian control.

New Religion Backs Mitsuzuka for Premiership

OW0109104795 Tokyo AERA in Japanese 14 Aug 95 pp 16-18

[Article by Reiko Yamanoue and Junko Takahashi: "'Institute of Science of Happiness' Is in High Spirits: Mystery of the Group's Sudden 'Advocacy of LDP Member Mitsuzuka as Prime Minister'"]

[FBIS Translated Text] "This is a one-sided support expressed by Kofuku no Kagaku [Institute of Science of Happiness, ISH]. We are just embarrassed by it." This comment was issued by the office of Hiroshi Mitsuzuka, Liberal Democratic Party's [LDP] Diet member, to the press.

Secretary General Mitsuo Tezuka of the "Society to Think About the 21st Century," a policy group of the now defunct Mitsuzuka faction, said, "Why all of sudden, is it Mitsuzuka? We just cannot figure it out. We are wondering."

At his side was a newly published book, titled *Anticipating the Debut of a Prime Minister Hiroshi Mitsuzuka*. Its publisher is "ISH Press," related to the religious corporation "ISH."

It all happened on 10 July.

The ISH rented the Tokyo Dome stadium to hold a "birthday celebration festival" on the occasion of the religious leader Ryuho Okawa's birthday, whose real name is Takashi Nakagawa, who is 39 years old, by assembling more than 20,000 followers.

"I Am a Subscriber to ISH's Publication"

According to an invitation distributed to those concerned, the original theme of Okawa's talks at the festival was supposed to be "Secrets of the Atlantis." Instead, once on the podium, Okawa appealed to the institute's members, "Let us recommend an official ISH member, Hiroshi Mitsuzuka, for the post of prime minister and set up an Institute of Science of Happiness regime."

The sound of clapping filled the Tokyo Dome when a videotaped message of Dietman Mitsuzuka was shown.

The book *Anticipating the Debut* was published in early August. The book included the personal history of Mitsuzuka and analyses of both the domestic and foreign situations, with little religious character. Mitsuzuka's "little known meritorious services" were also included in the book. Examples are: "When the Aum cult's case rocked Japan, he was essentially in charge of the crisis management cabinet in coordination with Transportation Minister Shizuka Kamei" and "he urged the government to compromise before Japan-U.S. automobile negotiations approached a decisive rupture."

Despite such praise, Mitsuzuka's office denies its connection with "ISH." Questioned on the phone, Mitsuzuka replied, "I am a subscriber to Okawa's books but I do not have the understanding that I am an official member of that institute." He did not give a hint of surprise and added, "I associate with it under the impression that it is one of the sincere religions."

100 Diet Members Are Reported To Be ISH Members

It was reported in Nagata-cho [the center of Japanese politics in Tokyo] that ISH had started active campaigns there around the end of last year. Books written by Okawa and publications of that religious organization were distributed in the Diet Members' Office Building, and leading Diet members not belonging to Komeito were reported to have been approached by the institute.

The religious organization's public information bureau explains: "We began making approaches to the political world because we felt that our objective of building a utopia may face a crisis if this tumultuous domestic situation is left untouched."

The magazine published by the organization carried an article titled "Hiroshi Mitsuzuka's Past Incarnation." According to that article, Kiyomasa Kato [1562-1611] came to life in the form of Mitsuzuka and what they have in common is that they grew up in a poor family and that they make reckless dashes.

When told about Mitsuzuka's denial of being an official member of the organization, the man responsible for the organization's public information self-confidently said, "Although he is not making it public due to political considerations, sooner or later it will be made known. We will actively continue to make policy proposals to him." He added, "We have nearly 100 Diet members affiliated to our organization."

Members of the religious body are divided into two groups: "official members," and "publication members" who are mainly subscribers to the group's publications.

Around the Diet, activities of the ISH have become a subject of conversation. A secretary of an LDP Diet member who belongs to another faction said, "the performance is really becoming to Mitsuzuka." An old Komeito-related person showed sympathy, saying, "I did not care much except thinking that the ISH was making noises." "This time Mitsuzuka must have listened intently to what the group had to say and that turned out to be the way it is."

Elites Are Conspicuous Among Members

The ISH is a relatively new religious body that is less than 10 years old.

Okawa, born in Tokushima Prefecture, worked for an international trading firm after graduating from the Law Department of Tokyo University. In 1986 he resigned from the company and that October established ISH at the age of 30. It was in March 1991 the organization was given a permit as a religious corporation.

The organization's headquarters is located in a high-rise at Kioicho in Tokyo's Chiyoda Ward. In a large lobby are brown sofas in matching color of the wall, looking like a business office.

But once in the worship hall , the atmosphere completely changes. The wall and pillars in the front are painted white with golden works done on them. In the center of the altar is a portrait of Okawa.

In the past several years, the religious group has made eye-catching activities to enlarge its membership. In addition to seminars and lecture meetings, since 1991 "birthday festivals" have been held on Okawa's birthdays.

It was surprising to learn how big ISH's officially announced membership is. From 1,700 in 1987, membership reportedly rose to 172,000 in 1990, 1.5 million by July 1991, and 10 million this July. If these figures are true, this means one out of every 12 people, including children, nationwide, belongs to the society.

Institute's Books are Bought in Bulk

While many elites specialized in science were found in that Aum cult, it is characteristic with ISH that many bureaucrats and employees of first-rank enterprises are affiliated as its members. While the Aum cult demands its followers "to renounce the world and practice asceticism," attache cases may be becoming to ISH followers.

In addition to the efforts to expand organization, the emphasis placed in the publication field is also eyecatching.

Within less than 10 years, the ISH Press published 150 titles of books written by Okawa. The ISH Press also continues to publish books written by its members and sell videotapes. This past spring, when Aum incidents were exposed in succession, the ISH put out the first issue of its general monthly magazine THE LIBERTY.

The ISH press makes it a rule to sell its publications by buying large advertisement spaces in newspapers and magazines through allocation of a big publicity fund. Books put on sale thus become bestsellers without exception.

For example, in the past six months Okawa's books continued to rank as top-selling volumes for 11 out of 25 weeks, according to the weekly bestseller lists published by Suharaya, a big book-store in Urawa City. Among 10 bestsellers are seven ISH books, including *New Laws of the Sun, ISH's Theory for the Nation's Revival, Buddha's Proofs* and so on. A total of 34 books were listed among the top 10, and there was only one week in which ISH books missed being placed on the top-10 list.

Why do they sell so well? A man in charge of a certain large bookstore explained, "every one of the ISH members is buying books in bulk—10 or 20 books at a time." "I remember their faces because they frequent my store. They are probably distributing books to their acquaintances and then solicit them as new members."

Once-A-Year Efficiency Test Conducted

In addition to canvassing, there is another motive for the members to read Okawa's books attentively.

Once a year ISH conducts a "nationwide license examination in the pursuit of truth of Buddhism" for members wishing to take the test. It is something like an efficiency test to find out how much they understand about the books Okawa wrote.

According to members who haved taken the test, mark sheet or selective questions could not be answered if those taking the test had not read newly published books or magazines.

Licenses are classified as primary-, middle-, senior-, or instructor-grade, and dissertation tests are also given to those who want to advance to upper grades. Through this test system, the ISH Press publications are programmed to sell for sure.

Members buy books to make them "bestsellers" and new readers will be attracted. Yasuhiro Nagazono, editor of DA VINCI, an information magazine on publication, points out: "The organization was born in the age of the information society and of standard deviation; and it is no doubt a religious system of modern times."

Will the next stage be politics for an organization thus continued to expand?

Religious commentator Teruo Maruyama, who is well versed in the relationship between politics and religion, comments on the ISH move of supporting Mitsuzuka: "Touched off by the stride Shinshinto [New Frontier Party] registered in the House of Councillors election, all religious organizations except Soka Gakkai are uniting forces under the surface beyond the conventional framework. The ISH has a powerful network of information. It may be attempting to find an independent way of survival, because it caught beforehand the possibility of such a religious war."

Union Leader on SDPJ's New Party Concept

OW3108024795 Tokyo SANKEI SHIMBUN in Japanese 24 Aug 95 Morning Edition p 2

[FBIS Translated Text] On 23 August, Morishige Goto, chairman of the All-Japan Prefectural and Municipal Workers' Union [Jichiro], which is the Social Democratic Party of Japan's [SDPJ] largest supporter union, granted an interview to YOMIURI SHIMBUN. After showing his doubt about the SDPJ's concept of forming a new party, he explained his understanding that October is the time limit for supporting formation of the new party. Moreover, he explained his view that the outcome of the Liberal Democratic Party's [LDP] presidential election will have no immediate impact on the Murayama administration.

In the interview, Goto touched on the SDPJ's concept and explained a pessimistic view, saying: "Fundamental things must be done by September, at the latest, and we have to move quickly so that we will be ready to form a new party anytime in October. Otherwise, we cannot form the party in time. October is the critical time because the LDP presidential election and the SDPJ party convention will be over by then. However, I am skeptical of the concept. Many people are of the view that the SDPJ should remain as it is now."

He pointed out that it will be "too late for the labor unions' council for formation of a democratic and liberal party" — which is composed of 21 labor unions, including Jichiro and Japan Telecommunications Workers' Union, which support the SDPJ — "to start something new if they find out that the concept does not work." Although Jichiro will support the SDPJ's concept for the time being, Goto stressed that, by taking the leadership in doing it, labor unions will aim at forming an organization on their own.

Regarding "Liberal Forum" — a suprapartisan political group that was formed by such people as Yukio Hatoyama, representative secretary general of Sakigake [Harbinger], and former Hokkaido Governor Takahiro Yokomichi — Goto said: "I will talk to Hatoyama, Yokomichi, and other forum members in the near future." In this way, Goto explained again a view that members of the labor unions' council, including Goto, will exchange opinions with Liberal Forum members in as early as the beginning of September and exert all-out efforts to seek cooperation.

Moreover, he also touched on the situation in which the Japanese Trade Union Confederation is divided because the SDPJ became a ruling party and the former Democratic Socialist Party became an opposition party, and said: "Such a situation may spread during the stage of forming a new party or the next general elections. The labor unions, which supported the former Democratic Socialist Party, may support the New Frontier Party in the general elections." In this way, he explained his understanding that there is nothing he can do about it under the current situation.

Regarding the LDP presidential election, Goto said: "Regardless of its outcome, the current coalition government's structure will not change. Even if the LDP elects a new president, I do not think there will be a move immediately after the election to replace the prime minister." In this way, he explained a view that there will be no impact on the Murayama administration even if Ryutaro Hashimoto, minister of international trade and industry, becomes LDP president.

Sakigake's Yukio Hatoyama Discusses Politics

952B0216A Tokyo SHUKAN YOMIURI in Japanese 13 Aug 95 pp 26-29

[Interview with Yukio Hatoyama by Hidenori Sato; place and date not given]

[FBIS Translated Text] *Yukio Hatoyama has an unusual background. He graduated from Tokyo University, where he majored in engineering, completed the doctorate course at Stanford University, then taught at Senshu University as an assistant professor. In 1986, he was elected to the House of Representatives, representing Hokkaido District 4. He is now serving his third term. In 1993, he left the Liberal Democratic Party [LDP] to join the Sakigake [Harbinger] Party. He was born into a political family. His grandfather, Ichiro, was prime minister; his father, Iichiro, foreign minister; and his younger brother, Kunio, served as education minister.*

"Prince" Yukio, son of a uniquely distinguished Hatoyama family, bolted the LDP two years ago. He has gained influence within the Sakigake Party as acting secretary general. Yukio Hatoyama, age 48, spoke freely of the present political situation. First, he explained the real intentions behind "Takemura's statement."

No Time for Discussion Among Party Members

[Hidenori Sato] On the night of 23 July, the day of the upper house election, the heads of the three parties in power met to discuss the poor voter turnout. At the meeting, Prime Minister Murayama suggested that Kono take over the premiership. However, it is reported that Takemura opposed this idea of "Prime Minister Kono."

[Yukio Hatoyama] According to the regular procedures of a constitutional government, it would have been correct to make the head of the largest party the prime minister.

What Mr. Murayama suggested was that the three-party framework be upheld and that the next prime minister be chosen later. Mr. Kono agreed to this. However, Mr. Takemura said that if the three-party framework is upheld, but no successor is chosen then each party would have to take under consideration who should be supported. Originally, the three coalition parties agreed on the Murayama leadership, and it is because of Mr. Murayama, we have been able to stick together.

It is not true that Mr. Takemura opposed Mr. Kono as the successor. If we maintain the framework of a three-party structure, but choose the president of the LDP, then our party cannot unconditionally support this selection. Therefore, Mr. Takemura said that he would discuss this with the other party members. Although he is the head of our party, he could not decide on the issue right then.

But then there was this problem of not having time for discussion. If the next prime minister was not named immediately, the morning newspaper might have printed a headline, saying "Murayama Steps Down."

Our Sakigake members were prepared to give up political power, if Mr. Murayama no longer led the three-party structure. It is not that we were stubborn, but as long as the three-party structure was upheld, our choice of prime minister had to be Mr. Murayama. Otherwise, the LDP-Social Democratic Party of Japan [SDPJ] combination, or another combination, would have to take over the current coalition.

[Sato] Mr. Takemura has been called "the Balkan politician." His sudden proposal to resign as the head of your party created a stir in the political world. Your party was formed two years ago. As a close aide to Mr. Takemura ever since the creation of your party, what do you see in this "Balkan Takemura"?

[Hatoyama] In one word, he is a man of high caliber. Perhaps the idea of a man so big in stature leading a small party, who dares to challenge the LDP, which is 14 times larger, and the SDPJ, which is seven times larger, gives the impression of "Balkan" to others.

During these past two years, only Sakigake proposed political plans. We are proud of this fact. We are responsible for creating the Hosokawa administration in 1993 and the Murayama administration in 1994. I believe that other parties went along with our political plans.

We are trying to carry out our ideas and principles, but others see us as managing other larger political parties. The image of a "Balkan" must have come from such thinking. Others think that Sakigake is power-oriented, but this is not true.

We would like to continue moving forward with Mr. Takemura as the center of our group. He is a man worthy of leading.

Create a Third Political Pole To Move Politics

[Sato] What do you see regarding a new political realignment, which perhaps may happen soon?

[Hatoyama] The Soka Gakkai certainly gathered a considerable number of votes in this upper house election. However, the large turnout for the Shinshinto [New Frontier Party] mostly reflected the voters' lack of choice. I think that the voters, who were critical of the LDP-SDPJ-Sakigake coalition, which they considered hard to understand, either did not vote or voted for Shinshinto or the Japan Communist Party [JCP].

From now on, our party will clearly push forward our reform posture, so as to wipe out the element considered as "Balkan" by others. If we fail in our reform efforts, we will not stay in power.

It is very important to clearly demonstrate to the voters (that we understand) what they are seeking. We should refrain from election-oriented activities.

Some people speak of the new political choice as a third pole or a third power. Since we are not in an era of conflicting ideology, we may not be able to come up with a clear cut political platform, such as conservatism versus reformism. However, I think it is necessary that we as Diet members and citizens form groups under the banner of peaceful liberalism or dovish liberalism.

This way, we can join forces with individuals, who have rejected conventional politics and political parties.

As a matter of fact, there are different voices among citizens, who have been pressuring their representatives to form the Local Party. For instance, a political group, which is dealing with the issue of environment, has been networking with Sakigake, and will eventually form a third power.

We need to establish this new force before the next general election.

[Sato] The former Hokkaido Governor Takahiro Yokomichi and others have formed a policy group called "Liberal Forum." Its symposium was held on 25 July. Mr. Hatoyama also attended the symposium.

[Hatoyama] I think it is urgent for us, as individuals—not as Sakigake members—to form a group, such as "Liberal Forum," where everybody can share the same political views, and where the voters' sense of incompatibility is removed. Our goal is to move politics forward by increasing the voters' political awareness. I believe that "Liberal Forum" will become a major step forward in forming a third force.

We May Cooperate With Hosokawa, If He Leaves His Party

[Sato] According to YOMIURI SHIMBUN's calculation, the predicted returns for political parties in the next lower house election, based on the returns of the upper house election, are as follows: Shinshinto 250; LDP 171; SDPJ 52; JCP 21; Sakigake 4. This is a harsh prediction for the Sakigake Party.

[Hatoyama] I look upon this as a game of numbers, and I am not trusting this prediction. There will definitely be a reaction to the recent election.

There are some voters, who doubt and reject the LDP-SDPJ-Sakigake coalition, and did not vote. Moreover, there were many others who did not cast ballots, because they were highly concerned about the political situation. I believe that it is our great task to lead these people toward a new group.

There were some good signs in the last upper house election. The LDP showed further decline. Even among the Shinshinto candidates, the ones who had former Komeito or Soka Gakkai endorsements, garnered no more than 4 million votes. Over 30 percent of the voters are independent voters, who would not vote for the Shinshinto. If we can show these independent voters that there exists a more attractive policy group than the Shinshinto, we need not be pessimistic.

The Sakigake Party needs strength to realize its principles and goals. By seeking out partners, we will have collective power. I think this is the minimum requirement for us to win the next election.

[Sato] You are a new political leader, who is also popular among women supporters. Do you wish to start a new political movement?

[Hatoyama] I am not yielding to your flattery (laughter). We have to start a movement before the next election. If the LDP and SDPJ will adopt our four policy proposals (to strengthen the functions of the prime minister's office, such as the amendment of the Cabinet Act, the opening to the public of Diet deliberations) and if they put these policies into practice, then we can act as a binding agent for the coalition. If not, we should avoid hanging on to political power.

[Sato] With whom will you cooperate to initiate the new movement? Former Prime Minister Morihiro Hosokawa, in a monthly magazine, advocated a "New Deal Coalition." He said: "We have to gather 30 or 50 people into a force, aiming for a true reform, and then begin political activities." He is attracting attention.

[Hatoyama] Although Shinshinto did very well in the election, there are members within Shinshinto, who ask: "Is this the way things should be?" Two years ago we worked together with Mr. Hosokawa. The reason why we no longer cooperate with him is because he was dragged down by a major power structure. If Mr. Hosokawa has the courage to part with this power structure, we may be able to work together. It all depends how far Mr. Hosokawa can carry out his convictions. If he remains only in the Shinshinto, it will not be easy.

Opportunity Will Arrive When a Two Major Party System Is Established

[Sato] As for the third polar party, I believe the new "democratic liberal party," promoted by SDPJ's Secretary General Wataru Kubo and others, can be one of the nuclei.

[Hatoyama] We cannot get along with all the members of the SDPJ. We would like to cooperate with them, if they can become more realistic, have more courage, can keep a distance from its supporting organizations, and, if they can form a new group encompassing the new generation.

[Sato] It is said that Shinshinto's large-scale advance shows the possibility of having two major parties in our political system. Moreover, this tendency, it is observed, will become more obvious at the next lower house election.

[Hatoyama] That could be. But I have a feeling that the two major parties would not be conservative parties. The voters will realize the dubious nature of the LDP and Shinshinto, the moment they become the largest parties. The voters will then surely look for another choice. This will be our chance.

On the other hand, if the LDP and the Shinshinto become one, forming a conservative merger, a new political party will rise, such as dovish liberal group, or one promoting peaceful liberalism.

[Sato] It has been 10 years, since you were elected into the House of Representatives in 1986.

[Hatoyama] I have little to show as a politician, during my seven years with the LDP. I did my best under the circumstances and acted as a small gear within a large machine. Since I played only a small role, citizens could not see me work.

Since the establishment of Sakigake two years ago, I have been working on the political front, and this has been quite fulfilling. Although we are a small party, we would like to change our nation by working like a "blade" so as to penetrate the huge government offices, and to join with bureaucrats, who question the way things are done.

Industrial Production Stays 'Relatively Weak'

OW3108094395 Tokyo KYODO in English
0849 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — Japan's economy took another beating with the closely monitored industrial production entering a downward phase in July, the Ministry of International Trade and Industry said Thursday [31 August].

Output at the nation's mines and factories slid 2.4 percent in July from the previous month, logging the fourth consecutive decline for the longest string of declines since the October 1992-January 1993 period, MITI said in a preliminary report.

"Production has stayed relatively weak," MITI said in a statement summing up the monthly report, using the word "weak" for the first time since four years and four months ago in April 1991.

Harumi Takahashi, head of MITI's statistics and analysis division, who is in charge of compiling the statistics, said, "I took the latest reading very seriously."

"The result raises serious concern over Japan's economic course toward the fall," she said.

Takahashi said it is unknown at this moment whether or not the overall economy has entered a contraction phase, but "the underlying trend has changed at least on the output front."

MITI expects industrial production to rise 4.0 percent in August from the preceding month, mainly in reaction to the large drop in the month.

But Takahashi warned against optimism, saying the predicted gain is too small to put the economy on a steady growth track.

For September, MITI predicts output will slip 4.3 percent, which would become the largest decline since January 1988.

The 2.4 percent fall in July followed a 0.9 percent slip in April, a 0.5 percent fall in May and a 0.7 percent drop in June, all revised figures.

Takahashi described the expanded margin of drop for the latest figure as "severe."

The figure translates into a seasonally adjusted index reading of 92.6 against the base 100 for 1990, MITI said.

July shipments also fell a marked 3.0 percent from the previous month to an index reading of 93.5, following a 0.9 percent decline in June, MITI said.

All 14 sectors polled saw shipment declines in July, the first since August 1992, it said.

On a year-to-year basis, July shipments shifted to minus territory with a drop of 0.2 percent, for the first time in 14 months, MITI said.

"The latest results reflect a pressing need for the government to take drastic pump-priming measures to turn the situation around," Takahashi said.

Inventories for the reporting month edged up 0.3 percent from the previous month and surged 5.1 percent from a year before, for an index reading of 107.2.

"A buildup phase for inventories has finished and surplus stocks have begun building up, an unexpected situation," she said.

Takahashi cited steel products, electric machinery and chemicals as major sectors behind the latest inventory trend.

The index of sales-to-inventory ratio increased 4.2 percent in July to 120.4, following a 0.3 percent drop in June, MITI said.

The largest contributor to the 2.4 percent drop in industrial output was a 5.2 percent fall in transportation machinery, such as passenger cars and trucks.

That was followed in the sector by a 4.3 percent slide in general machinery for the fourth consecutive month of year-to-year declines, MITI said.

Third came chemical industries, which suffered a 5.5 percent output drop after a good performance in the previous several months, partly due to slack shipments to Southeast Asian nations, it said.

Taking into account the predictions for August and September, Japan's industrial output is expected to decrease 1.9 percent for the July-September quarter from the previous quarter, the first drop in seven quarters.

Robot for Disaster Rescue Missions Developed

OW3008134995 Tokyo KYODO in English
1021 GMT 30 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — NEC Corp. said Wednesday [30 August] it has developed a slim, snake-shaped robot that can crawl into rubble and destroyed buildings to help in the rescue of trapped persons after an earthquake or other disasters.

The new robot has far greater mobility than conventional machines and is able to make complex movements for rescue missions, company officials said.

The robot consists of six joined cylindrical parts, 4.2 centimeters in diameter and 18.5 centimeters in length, with a small TV camera attached to the head, for a total length of 1.4 meters and a weight of 4.6 kilograms.

The machine is operated by remote control using a monitoring display for the pictures taken by the camera.

It moves like a measuring worm at a speed of 20 cm per minute and raises its head to look around.

A newly-developed joint union, equipped with two motors and a control circuit, enables the machine to move in a flexible and complicated way.

Since the robot can be separated at the joints easily, it can be put together after the parts are brought to the disaster site.

The number of joints and the forms of the juncture can also be changed according to the usage.

"The machine has a wide range of applications, including applications in space and inspections into nuclear reactors as well as rescue jobs in disasters," said an NEC official.

Toyota To Produce Small Pickups at U.S. Plant

OW0109144895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Sep 95 Morning Edition p 1

[FBIS Translated Text] The Toyota Motor Corporation has firmed up its plan to mass produce small pick-up trucks called the "T-100" at its third U.S. plant (the fourth among Toyota plants in North America), the planned construction of which the automaker announced during Japan-U.S. auto talks. Toyota hopes the new factory will begin operations in 1998 with projected annual production of 100,000 units. The factory which will also handle production of such vehicles as truck-based RV's (recreational vehicles) will become Toyota's major base for manufacturing commercial-use vehicles. At the same time, Toyota plans to set up a new company in Cincinnati, Ohio, to supervise overall production in North America, from parts procurement to production control. In the wake of the Japan-U.S. auto talks, Toyota has thus begun to fully initiate its new North American strategy.

The T-100 is a small truck powered by an engine with a displacement of 2,700-3,400 cubic centimeters. Toyota exclusively produces these trucks for the U.S. market. Currently, the company ships the trucks from Japan to the United States where a 25-percent tariff is imposed. Along with the adverse effects of the strong yen, this high tariff rate has caused the sales of these trucks to drop by 34 percent over the previous year to 15,000 units in 1994. Because Toyota introduced additional versions of the trucks, their sales recovered with figures increasing in the January-July 1995 period at double the pace over the previous year. However, Toyota plans to further strengthen the truck's price competitiveness via local production to boost its sales even more.

The site of Toyota's new plant will likely be in the Midwest. Toyota plans to make a decision on this by year's end. By strictly limiting the operation of the new plant to producing small trucks, Toyota — with its sights set on producing RV's — plans to use the plant for manufacturing commercial-use vehicles. In this way, the company has revealed its new strategy — to differentiate the new plant from the "TMM" [Toyota Motor Manufacturing U.S.A. Inc.] (located in Kentucky), Toyota's major production center for manufacturing passenger vehicles.

Meanwhile, Toyota's three manufacturing plants in North America, including the NUMMI [New United Motor Manufacturing Inc.] (located in California), a joint-venture company established by Toyota and the U.S. General Motors (GM) Corporation, and a plant in Canada, are currently working independently regarding parts procurement and introduction of manufacturing technology from Japan. On the occasion of its new plant coming into operation in 1998, Toyota plans to centralize production-related functions with a new company in Ohio that can easily be accessed from the Midwest. Toyota plans to set up the new company to facilitate mass production of new vehicles by making sure that parts prices are uniform throughout North America. The automaker maintains that this will also lead to an increase in local content ratio and lowering of production costs. Toyota believes that, with regard to producing new models in North America in the future, it would be easier to divide production chores in a well-balanced manner among its plants throughout North America if the new company has overall control over which plant will manufacture which type of vehicle.

Initially, some Toyota officials proposed setting up a company to oversee operations in North America along with entrusting it to sell automobiles. However, Toyota has decided to centralize only production-related functions with this company to maintain flexibility in the sales department.

Fast Breeder Monju Begins Supplying Electricity

OW2908025795 Tokyo KYODO in English
0152 GMT 29 Aug 95

[FBIS Transcribed Text] Fukui, Japan, Aug. 29 KYODO — Japan's prototype fast-breeder nuclear reactor "Monju" started supplying electricity Tuesday [29 August], according to the governmental Power Reactor and Nuclear Fuel Development Corp.

The 280,000-kilowatt reactor in Tsuruga, Fukui Prefecture, on the Sea of Japan coast, began generating about 14,000 kilowatts of electricity at 9 A.M. In the first-ever operation of a Japanese fast-breeder reactor, the corporation said.

Monju was scheduled to supply the electricity, or 5 percent of its output capacity, for about an hour.

The construction of Japan's prototype fast-breeder reactor took about 10 years from October 1985 at a cost of some 600 billion yen.

The corporation has conducted various experiments on the plant since it reached criticality in April last year.

Monju was scheduled to start transmitting electricity in April this year, but the transmission was postponed due to problems with the water and steam systems, the corporation said.

It said the reactor will continue test runs to produce electricity until early September, when it will be stopped for about a month for checks of the auxiliary boiler and steam condenser.

Test runs will resume in October, but the corporation said it has not yet set a date for Monju to start operating fully.

Fast-breeder reactors use plutonium, an extremely toxic substance that can be used for nuclear weapons, and they produce more plutonium than they consume. A number of countries, including France, have scrapped projects to develop such reactors.

The atomic energy commission decided last week to abandon a plan to build a demonstration version of an advanced thermal nuclear reactor in Oma, Aomori Prefecture — which had been considered a transitional measure until a fast-breeder reactor could be brought into practical use.

North Korea

U.S. Accused of 'Aerial Espionage' Acts

SK0109063995 Pyongyang KCNA in English 0439 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — The U.S. imperialist warmaniacs staged allround aerial espionage on our portion along the Military Demarcation Line, the east and west seas, coasts and seabed of the DPRK on more than 150 occasions in August, according to military sources.

Involved there were U-2, E-3, RC-135, P-3 and other strategic and tactical reconnaissance planes of different missions from overseas and South Korea. Aerial espionage by U-2 repeated 28 times.

'Aerial War Exercise' of 28-29 Aug Denounced

SK3108050495 Pyongyang KCNA in English 0429 GMT 31 Aug 95

["Provocative War Exercise Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The U.S. imperialist warmaniacs and the South Korean puppets staged another aerial war exercise against the North, part of the adventurous Ulchi Focus Lens 95 joint military rehearsal, on August 28 and 29, according to military sources.

Flying corps of the U.S. Pacific Fleet from overseas bases flew to the sky above the West Sea of South Korea to launch an exercise for long-distance aerial mobile strike on major targets on the east and west coasts of the northern half of Korea with the support of electronic jamming planes under the U.S. imperialists' operation plan against the North.

The U.S. imperialists and the South Korean puppets staged a large-scale aerial war exercise simulating a preemptive surprise strike on the northern half of Korea, with the skies above Chechon, Wonju and Woeyon Islet of South Korea as an operation theatre, on August 28 and 29. Participating in this war gamble were more than 500 nighter-bombers, pursuit-assault planes, assault planes and reconnaissance planes belonging to the U.S. Seventh Air Force and the South Korean puppet Air Force.

If the U.S. imperialist warmaniacs and the Kim Yong-sam group lead the situation to a touch-and-go grave stage in defiance of our repeated warnings, they will be burnt to death in the fire set by themselves.

Kim Yong-sam's Remarks on Democracy Denounced

SK0109103795 Pyongyang KCNA in English 1002 GMT 1 Sep 95

["Mockery of Democracy and Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — The traitor Kim Yong-sam said in his address at a ceremony for the completion of the puppets' supreme public prosecutor's office building a few days ago that "constitutionalism is fundamental to democracy" and "constitutionalism must be deep rooted" for unification. NODONG SINMUN in a signed commentary today denounced it as a mockery of democracy and reunification.

The bluster of the traitor Kim Yong-sam that fascist laws including the "National Security Law" [NSL], an anti-reunification evil law, "must be deep rooted" is an intolerable insult to the fellow countrymen struggling for democracy and reunification, as a reckless remark that can be made only by a separatist opposed to reunification, the commentary says, and continues:

It is as clear as noonday that the traitor spoke of the wicked "doctrine of constitutional settlement" in a criminal attempt to viciously block the democratization of South Korean society and national reunification by invoking fascist laws.

The traitor Kim Yong-sam, under the deceptive veil of "constitutionalism", has turned South Korea into a rowdyism of fascists worse than that in the period of former military dictatorship by revising for the worse the fascist evil laws including the "NSL" which should have been repealed along with the end of the military dictatorial "regimes" of the "Fifth and Sixth Republics". His crime is indelible and must be counted.

Kim Yong-sam also said that "steadfast defence of liberal democratic system" will be an "important basis" for reunification. It is, in fact, as good as a declaration of confrontation against the northern half of Korea and a vivid revelation of a criminal design to "dash northward to unify" with the help of outside forces.

The traitor Kim Yong-sam must stop at once criminal behaviours, anti-national, anti-democratic and anti-reunification, going against the nation's desire for reunification by showing himself hoarse with constitutional settlement", and repeal without delay the fascist evil laws hindering the way of democracy and reunification.

Daily Denounces Amnesty, Reinstatement Measure

SK3108090995 Pyongyang Korean Central Broadcasting Network in Korean 0850 GMT 29 Aug 95

[NODONG SINMUN 29 August commentary: "Poor Drama To Win Popularity Which Will Not Work Out"]

[FBIS Translated Text] The Kim Yong-sam ring has become more frantic in appeasing and cheating the people these days. An example of this is that the ring is clamoring about the so-called amnesty and reinstatement commotion that was waged on the occasion of the 15 August national liberation anniversary, babbling that it is an expression of the will of reconciliation, a largest-scale amnesty unprecedented in history, and the like, thus noisily advertising as if they did a big thing.

As in the amnesty and reinstatement commotion that traitor Kim Yong-sam waged in the past, the amnesty and reinstatement commotion this time, as well, is nothing but a shameless fraud designed to recover his lost popularity.

Reviewing those who are on the so-called amnesty and reinstatement list prepared by the puppets this time, we can note that most of them are a mixture of criminal offenders and that the prisoners of conscience, who have been arrested and detained in prisons on the so-called charge of struggling for independence, democracy, and reunification, have been excluded.

If the amnesty and reinstatement commotion was really an expression of reconciliation as babbled about by the puppets, the patriots who are now detained in prisons simply because they struggled for democratization in the South Korean society, independence, and reunification should have been released first.

However, the puppets are still employing the trick designed to gain public sentiment by releasing only miscellaneous criminals while continuing to detain the patriots.

When traitor Kim Yong-sam's amnesty was announced, as many as 500 prisoners of conscience detained in 32 prisons in South Korea went on a hunger strike for an indefinite period. This vividly reveals the antipopular, antinational, and antireunification nature of the current amnesty commotion.

The deceitful nature of the Kim Yong-sam ring's current amnesty and reinstatement commotion is also vividly revealed in the fact that instead of releasing a mixture of criminal offenders in the front gate it has been arresting numerous patriotic youths, students, and people struggling for independence and democratization of the South Korean society and for national reunification through the rear gate.

The Kim Yong-sam ring brutally raided the sites of the Korean Federation of University Student Council's [Hanchongnyon] joint national festival functions held to mark the anniversary of the 15 August national liberation by mobilizing numerous police troops. Then, it arrested a large number of youths, students, and people and imprisoned them.

The Kim Yong-sam ring has made patriotic intellectuals the scapegoat of the notorious National Security Law by branding them as espionage agents for the North. It is frantically attempting to arrest the core students belonging to Hanchongnyon, which sent its representatives to the grand festival for national reunification held to mark the 50th anniversary of national liberation. It is also persecuting Mrs. Pak Yong-kil, who returned to South Korea after visiting Pyongyang with the single desire for reunification.

It is today's stark reality in South Korea that numerous patriots who should have been released before anyone else are still detained in prisons and that numerous patriotic youths, students, and people are suffering there. Under such circumstances, the amnesty and reinstatement is of no use even if it is waged hundreds of times.

The fascist clique has defended the people's implacable enemies such as the ringleaders of the Kwangju genocide, and has now gone so far as to revoke the grave crimes they committed in the genocide while attempting to continue detaining the patriots in prisons. This is an intolerable challenge to the South Korean people who are calling for the release of all prisoners of conscience.

In an effort to cope with the Kim Yong-sam ring's amnesty and reinstatement commotion, an opposition party in South Korea has organized the Committee for the Promotion of Amnesty and Reinstatement of 15 August and called for the release of all prisoners of conscience and the cancellation of the search activity by the police of other criminals involved in public security affairs.

In a statement, the Council of the Family Movement for Practicing Democracy denounced the authorities, condemning that their recent amnesty, in which those who had been involved in various irregularities and corruption were all released while the prisoners of conscience are still detained in prisons, is tantamount to a declaration denying reforms and, together with 12 democratic organizations, waged a struggle of protest.

In a nutshell, although the Kim Yong-sam ring attempted to court the people's good graces and to recover its downed popularity through the amnesty and reinstatement commotion this time, it has instead only incurred greater grudge and hatred among the people.

Through the current amnesty and reinstatement commotion, the South Korean people have clearly realized once again that as long as they leave the traitorous Kim Yong-sam clique as it is, they cannot achieve democratization of the South Korean society .

The Kim Yong-sam clique should stop its cunning trick to gain popularity and immediately release from prisons patriotic youths, students, and people.

Hanchongnyon Delegates Visit Tangun Tomb

*SK0109104795 Pyongyang KCNA in English
1019 GMT 1 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), went round different places of Pyongyang.

They visited the tomb of Tangun, a pride of the five-thousand- year national history. Being briefed on the fact that the tomb has been rebuilt grandly as a tomb of the father of the Korean nation to be handed down as a precious asset of history and culture of the nation, they saw with deep emotion the monument to the rebuilding of the tomb of Tangun, the monument to the records of Tangun, stone sculptures, the tomb compartments.

After visiting the tomb, Chong Min-chu said that she freshly felt that the Korean nation is homogeneous nation with a long history.

The delegates also visited the Korean central history museum.

Hearing the explanation about the homogeneity of the Korean nation with a history of 5,000 years, resourcefulness and talents of the Korean ancestors and the history of patriotic struggle against aggression, they saw relics and data with keen interest.

Then, they visited the exhibition of historical data on the lapse of 50 years after the defeat of Japanese imperialism.

Yi Hye-chong wrote in a visitor's book: When the North and the South are united into one it will display greater strength. Reunification is the only way for our nation to live.

The delegates went to the Pyongyang gold lane and the Changgwang health complex, where they spent a joyful time there.

Amnesty International Said To Criticize Law

*SK3008150495 Pyongyang KCNA in English
1458 GMT 30 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The Amnesty International published a document critical of South Korea's fascist "National Security Law" (NSL) on August 10.

The document criticised the "NSL" as an evil law which "incriminates" anything unproblematic. For instance, it punishes those who encourage or praise North Korea, visit it or contact North Koreans without "permission."

Many people are kept in jail in South Korea on charges of violation of this "law" said the document, adding that Mrs. Pak Yong-kil was also arrested for her "unlicenced" visit to North Korea.

Japan Denounced for 'Minimizing Crimes'

*SK0109050595 Pyongyang KCNA in English
0437 GMT 1 Sep 95*

["Japan Can Never Evade Past Settlement, NODONG SINMUN " — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Though half a century has passed since the end of World War II, some people of Japan are still denying the history of aggression and trying to minimize Japan's crimes, says NODONG SINMUN in a commentary today.

Recently, a high-ranking official of the Japanese Government said the period of Japan's "war of aggression was after its attack on Pearl Harbor on December 8, 1941," while a Liberal Democratic member of the House of Councillors said "it is really unnatural and unreasonable for Japan" to make haste with repentance and apology. The Japanese Foreign Ministry has claimed that the "comfort women" issue is not included in the "sexual slavery" of the action program scheduled to be adopted at the fourth United Nations World Conference on Women.

This is motivated by a sinister purpose of evading the state's admission of and apology and compensation for the past crimes and is a mockery of justice and conscience of humankind, the paper says, adding:

What the Japanese imperialists did in Korea and Asia are crimes committed by the state of Japan.

It is an avoidable legal and moral obligation that the Government of Japan with a history of aggression and massacre admits and compensates for it.

History can never be distorted. If the Japanese authorities think they can misrepresent or deny the history of aggression and minimize the crimes against the Korean and other Asian peoples, it is an idea as foolish as trying to stop the sun from setting.

Our people will continue fighting to see Japan admitting and atoning for not only its colonial domination over Korea but also its crimes against them in the war of aggression.

Japan's Dispatch of Fleet to South Denounced

SK3108064195 Pyongyang Korean Central Broadcasting Network in Korean 0852 GMT 30 Aug 95

[NODONG SINMUN 30 Aug commentary: "Dangerous Plot for Reinvasion"]

[FBIS Translated Text] As has already been reported, the Japanese Government announced a few days ago that it will dispatch a fleet of its Maritime Self-Defense Forces to South Korea.

The Japanese Government announced that several warships of Japan, including Kashima, will drop anchor at a South Korean port for exchange with the puppet Navy in April 1996. Such a step taken by the Japanese Government connotes various implications and great danger. This is why its attempt to dispatch warships to South Korea draws the people's attention and arouses apprehension and alertness.

This is the first time that the Japanese Armed Forces are officially being dispatched to South Korea since the end of the war.

Last April, high-ranking officials of the Japanese military circles dragged the heads of the South Korean puppet military circles into Japan, and hatched plots to strengthen military cooperation. Following this, a puppet fleet was brought into Japan last December. As a matter of fact, this dispatch of its fleet to South Korea was conducted in the name of a return visit.

Japan and South Korea do not have a military alliance from a legal point of view. In addition, Japan's constitution does not allow the country to dispatch the Self-Defense Forces overseas. That is why the Japanese Government describes the dispatch of the fleet to South Korea as a so-called return visit.

Its purpose is clear. The Japanese reactionaries intend to make the fleet's visit to South Korea common practice, thus providing a springboard for inroads into South Korea to easily realize their ambition of reinvasion. The Japanese reactionaries' pursuit of a military alliance with the South Korean puppets is closely linked with this. The Japanese reactionaries have forgotten the lesson of defeat and are attempting to follow its history of aggression.

It is a well known fact that they are trying hard to materialize the dream of a greater East Asia coprosperity sphere which the old empire failed to attain and are scheming to launch the first operation in Korea.

In recent years, the Japanese military circles defined our country as its first target of defense. This is tantamount to officially declaring that we are its first target of aggression.

Raving that pure defense means national suicide, the Japanese reactionaries put forward military strategies, such as prior supremacy and surprise attack. Japan's military movements and steps are aimed at carrying forth such military strategies. The Japanese fleet's dispatch to South Korea can also be understood in this way.

In the wake of the dispatch of the Maritime Self-Defense Force's fleet to South Korea, the Japanese reactionaries are attempting to pave a legitimate way of military reinvasion and to send its large ground, naval, and air forces to South Korea.

Recently, the Japanese military circles staged a joint exercise by having South Korean puppet pilots ride planes of the Aerial Self-Defense Forces. This hints that the pilots of the Self-Defense Forces will also be dispatched to South Korea.

The Japanese reactionaries' preparations for reinvasion of Korea have been stepped up, assuming a dangerous aspect. The Japanese reactionaries raving about joint countermeasures against an unstable factor or a new threatening factor even after the end of the Cold-War is nothing but an excuse for reinvasion.

As can be clearly seen, the Japanese military forces are attempting to grasp South Korea militarily and, with this as a stepping stone, are recklessly running amok to realize its ambition to reinvade other countries. In recent years, military-related personnel of Japan and South Korean puppet military circles have frequently conspired over measures that will be taken in times of emergency on the Korean peninsula. This is entirely connected with this.

The South Korean puppets are attempting to invade the North by clinging to the master's militarist armor. The Japanese reactionaries' plot for reinvasion is nothing but a foolish attempt which is the same as digging a hole for himself. The Japanese reactionaries should renounce its anachronistic plot for reinvasion.

Chongnyon Officials Visit Kumsusan Palace

SK0109111295 Pyongyang KCNA in English 1026 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Officials of the General Association of Korean residents in Japan (Chongnyon) visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and hardened their determination to hold respected General Kim Chong-il in high esteem and remain loyal and filial to him in one mind, true to the behests of the president.

Director of the Hokkaido Association of Traders and Industrialists under Chongnyon Kim Hwa-su said: It is quite reassuring to think that the respected leader Generalissimo Kim Il-song is always with us. We will remain loyal and filial to respected General Kim Chong-il in one mind.

Head of the delegation of literary men and artistes of Chongnyon Kim Hui-yong noted: The great leader Generalissimo Kim Il-song means General Kim Chong-il and vice versa. We will glorify the feats of the generalissimo forever and devote everything to the patriotic work of Chongnyon.

Kim Chong-chung, director of the Hokkaido Credit Association of Korea Bank under Chongnyon, wrote in a visitor's book: We will make an active contribution to making our country and our motherland where the Kim Il-song nation lives more prosperous under the leadership of respected General Kim Chong-il.

Overseas Korean Recalls Kim Chong-il Meeting

SK0109013295 Pyongyang KCNA in English 1501 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The Tuesday's edition of CHOSON SINBO deals with an interview with Japan-resident Korean Chong Kyong-mo, representative of the magazine SSIARUI HIM. He accompanied Presbyter Pak Yong-kil, chairperson of the 70 million Korean people's meeting for embracing national unification, co-chairperson of the Family Movement for Realising Democracy in South Korea and widow of Rev. Mun Ik-hwan, on a visit to North Korea to honor the memory of the great leader President Kim Il-song on his first death anniversary.

Chong Kyong-mo recalled that the widow of Rev. Mun and he were invited to participate in a ceremony to open the Kumsusan Memorial Palace to the public on July 8 and had an honor of being received in audience by the great leader Comrade Kim Chong-il. He is very unworldly-minded and the same with President Kim Il-song, Chong said, adding:

The great General Kim Chong-il said every possible effort should be made for reunification, true to the behests of those who passed away.

We, Mrs. Pak and I, told him that only we came to Pyongyang, but, our visit was to represent the unanimous desire of the South Korean people to honor the memory of the president. He was very happy to hear that. We also told him that we were deeply moved by his warm hospitality and that we could find no word to express how warmly the people in the north welcomed us.

If the South Korean authorities persecute Mrs. Pak Yong-kil as they did Rev. Mun, North-South relations will be so deteriorated that irrevocable consequences will ensue therefrom.

The North Korea visits by Rev. Mun, Mrs. Pak and Yim Su-kyong were an epochal current in the history of the reunification movement, which should be connected by a new one.

Officials' Praise for Music Ensemble Viewed

SK3108112095 Pyongyang KCNA in English 1006 GMT 31 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (KCNA) — Chinese people who saw performances given by the Pyongyang Wangjaesan light music ensemble in Beijing are unanimous in calling them "performance on the highest level," "model of art" and "art inspiring the people with a noble spirit and vigor."

Especially, Chinese officials of culture congratulated the ensemble on its successful performances in China, saying they are on a very high level.

Vice-minister of Culture Liu Deyou said:

"I, an official of the Ministry of Culture, think that the Pyongyang Wangjaesan light music ensemble has raised a lot of things we should learn in the form and contents of performance.

"The performance represents the model of art on the highest level that gives vigor, optimism and pleasure to all the people, young and old, and meets the demand for pure, fresh and sound cultural emotion."

Vice-minister of Culture Xu Wenbo said the performance was a perfect one with its program very excellent and each piece on the highest level.

Men of culture said Korea's modern light music is quite different from the West's and it is very unique and leads the people, young people in particular, to a noble world full of vigor.

Noting that the Korean artistes' performances were very successful, they said the success in their performances was definite.

They said Comrade Jiang Zemin's appreciation of the performance was exceptional and it clearly showed how solid the Sino-Korean friendship is.

They expressed the belief that Korean art guided by the great leader Comrade Kim Chong-il will steadily develop.

Groups From PRC, Thailand, UN Arrive

SK3008225995 Pyongyang KCNA in English
1508 GMT 30 Aug 95

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — A friendship visiting group of the Communist Party of China (CPC) led by alternate member of the Central Committee of the CPC Sang Jiejia, who is also vice-secretary of the Qinghai Provincial Committee of the CPC, arrived here today.

A Thai high-level youth officials delegation led by Ridh Chavirat, assistant permanent secretary of the Ministry of University Affairs, and a delegation of the Department of Humanitarian Affairs of the United Nations arrived here on Tuesday [29 August].

PRC Group Visits Mansu Hill

SK3108050395 Pyongyang KCNA in English
0425 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — A friendship visiting group of the Communist Party of China [CPC] led by Sang Jiejia, alternate member of the Central Committee of the CPC and deputy secretary of the Qinghai Provincial Party Committee, laid a bouquet before the statue of the great leader President Kim Il-song on Mansu Hill and made a bow on Wednesday.

The head of the group said: Comrade President Kim Il-song is the great leader who is deeply respected by the Korean people. Though he passed away to our sorrow, his idea will shine long for centuries.

A Thai high-level youth officials delegation led by Ridh Chavirat [name as received], assistant permanent secretary of the Ministry of University Affairs, and a delegation of the Department of Humanitarian Affairs of the United Nations also laid bouquets before the statue of President Kim Il-song and made bows on Tuesday.

PRC Group Visits Kumsusan

SK0109074295 Pyongyang KCNA in English
0411 GMT 1 Sep 95

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — A friendship visiting group of the Communist Party of China led by Sang Jiejia, alternate member of the CPC Central Committee and deputy secretary of the Qinghai Provincial Party Committee, a delegation of the Federation of Peace and Friendship Organisations of Mongolia led by Chairman B. Ligden, a Thai high-level youth officials delegation led by Ridh Chavirat, assistant permanent secretary of the Ministry of University Affairs, and other foreigners on Thursday [31 August] visited the Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him.

Sang Jiejia wrote in a visitor's book that he wished the Workers' Party and people of Korea greater success in their grand work to carry forward the glorious and brilliant idea of President Kim Il-song and build Korean-style socialism, rallied around the dear leader Comrade Kim Chong-il as firm as a rock.

SPA Chairman Meets Italian Delegation

SK0109020795 Pyongyang KCNA in English
1505 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — Alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea (WPK) Yang Hyong-sop, who is chairman of the Supreme People's Assembly (SPA), met and had a friendly conversation with a delegation of the communist re-establishment party of Italy led by member of its leadership Mario Brunetti who is a member of parliament at the Mansudae Assembly Hall today.

Present was Yim Sun-pil, deputy department director of the WPK Central Committee.

The head of the delegation said that they would further strengthen solidarity with the Korean people in their struggle to defend socialism.

He expressed the conviction that Comrade Chong-il, successor to the revolutionary cause started by Comrade Kim Il-song, would continue to powerfully lead the socialist construction of Korea and the Korean people.

Yang Hyong-sop also met and had a friendly talk with a delegation of the Russian state Duma headed by vice-chairman of the Duma Gennadiy Selezniyov, secretary of the Central Committee of the Communist Party of the Russian federation, at the same place.

Vice-chairman of the SPA Paek In-chun and chairman of the Korea- Russia Friendship Assemblymen's Group Yi Tong-chol were on hand.

Kang Song-san Sends Message to Libyan Leader

SK0109091595 Pyongyang KCNA in English 0417 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Premier of the Administration Council Kang Song-san sent a message of greetings to Abd al Majid al-Qa'ud, secretary of the general People's Committee of the great Socialist People's Libyan Arab Jamahiriya, on the occasion of the 26th anniversary of the great September first revolution in Libya.

The message expressed the belief that the friendly and cooperative relations between the two countries will continue to develop, and wished the secretary greater success in his future work.

Libyan Revolution Anniversary Marked

SK3108102295 Pyongyang KCNA in English 1001 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — A meeting celebrating the 26th anniversary of the great September first revolution of Libya was held in Pyongyang on Wednesday.

Invited to the meeting were acting secretary of the People's Committee of the People's Bureau of the great Socialist People's Libyan Arab Jamahiriya to Korea Ramadan Muhammad al-Ra'ubi and its staff member.

Present there were Choe Yong-sam, first vice-chairman of the Central Committee of the Korean Journalists Union and vice-chairman of the Korea-Libya Friendship Association, and officials concerned and working people in the city.

Speeches were made at the meeting.

A congratulatory letter to the leader of the great September first revolution was adopted.

Papers Express Solidarity With Libyan People

SK0109110795 Pyongyang KCNA in English 1022 GMT 1 Sep 95

["Solidarity With Struggle of Libyan People Expressed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Papers here today extend full support and solidarity to the just struggle of the Libyan people on the victory day of the September first revolution.

The Libyan people, over the past 26 years since the victory of revolution, defended the sovereignty and dignity of the country in defiance of the continuous military pressure and economic blockade of the imperialists and have striven hard to build a new society, NODONG SINMUN in a signed article says, and goes on:

The Libyan people are now vigorously advancing along the road chosen by themselves under the guidance of Colonel Mu'ammar al-Qadhdhafi, leader of the great September first revolution.

They are building a new society defying the military threat, economic blockade and subversive moves of the imperialists.

The Korean people extend full support and solidarity to the struggle of the Libyan people for independence against imperialism and for the building of a new society.

MINJU CHOSON in a signed article says that the Korean people will make active efforts to continuously strengthen and develop the friendly and cooperative relations with the Libyan people in the future, too.

SRV Ambassador Hosts Party, Film Show 31 Aug

SK0109074495 Pyongyang KCNA in English 0413 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Vietnamese Ambassador to Korea Duong Chinh Thuc hosted a party and a film show at his embassy on the evening of August 31 on the occasion of the 50th anniversary of the national day of Vietnam.

Invited to the party were Hwang Chang-yop, secretary of the C.C. [Central Committee], the Workers' Party of Korea, Choe U-chin, vice-minister of foreign affairs, General of the Korean People's Army O Yong-pang, Kim Yong-su, vice-chairman of the Committee for Cultural Relations With Foreign Countries, and other officials concerned.

Speeches were exchanged at the party.

Prior to it, the participants saw a Vietnamese documentary film.

Film Show Held on Kyrgyzstan National Day

SK0109091195 Pyongyang KCNA in English 0415 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — The Korea-Kyrgyzstan Friendship Association hosted a film show here on Thursday on the national day of the Republic of Kyrgyzstan.

Present there were Im Chong-sang, minister of commerce and chairman of the Korea-Kyrgyzstan Friendship Association, Kim Yong-su, vice-chairman of the Committee for Cultural Relations With Foreign Countries, and other officials concerned and working people in the city.

The participants saw the Korean feature film "The Nation and Destiny" (Part 28).

Kim Chong-il Receives Gift From Russian Group

SK0109095795 Pyongyang KCNA in English 0432 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the delegation of the State Duma of the Russian Federation on a visit to Korea.

The head of the delegation Gennadiy Selezniyov, vice-chairman of the Duma and secretary of the Central Committee of the Communist Party of the Russian Federation, handed the gift to an official concerned.

Meeting Held in Havana on Anniversary of Ties

SK0109103195 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 31 Aug 95

[FBIS Translated Text] On the occasion of the 35th anniversary of the establishment of diplomatic relations between our country and Cuba, the Cuban Association for Friendship With the People of the World and the Cuban Committee for Supporting Korean Reunification jointly arranged a goodwill gathering in Havana on 29 August.

The flags of our country and Cuba stood at the meeting place. Present at the meeting were Jorge Lezcano, member of the Political Bureau of the Communist Party of Cuba [PCC] Central Committee and chairman of the National Assembly of People's Government Foreign Affairs Committee; (Ruben Martinez Puente), member of the PCC Central Committee, vice minister of the Revolutionary Armed Forces, and commander of the Air Force and the Antiaircraft Corps; (Sergio Corrieri), member of the PCC Central Committee and chairman of the Cuban Association for Friendship With the People of the World; (Ramon Pez Ferro), general secretary of the Cuban Organization for Unity of the People in Asia, Africa, and Latin America; vice director of the PCC Central Committee International Department; Cuban vice foreign minister; and other functionaries of the political, social, and press sectors.

The visiting Foreign Ministry delegation of our country, our country's ambassador to Cuba and the embassy staff members, and ambassadors of many other countries attended the meeting.

Speeches were delivered at the meeting. Cuban vice foreign minister said in his speech that the peoples of Cuba and the DPRK have carried out the joint struggle against imperialism together since a long time ago. He then noted: Friendship, unity, and cooperation between the peoples and governments of the two countries have been strengthened and developed by the unremitting efforts of President Kim Il-song, Comrade Kim Chong-il, and President Fidel Castro — the leaders [suryongdul] of the DPRK and Cuba — following the victory of the Cuban revolution, particularly since the establishment of Cuba-DPRK diplomatic relations.

He stressed: We cannot think of the development of excellent relations between Cuba and the DPRK without President Kim Il-song's firm support and solidarity extended to the Cuban revolution and the Cuban people's struggle to defend their sovereignty.

He said that the two countries' peoples are protecting socialist gains and are vigorously advancing while upholding the banner of independence.

He also stressed: Cuba regards as its invariable duty to express unchanged firm support to the DPRK's struggle for implementing the independent and peaceful reunification line presented by President Kim Il-song.

Papers Mark 38th Malaysian Independence Day

SK3108112195 Pyongyang KCNA in English 1013 GMT 31 Aug 95

["38th Malaysian Independence Day Marked" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — Papers here today dedicate articles to the 38th anniversary of the independence of Malaysia.

NODONG SINMUN in a signed article says that the independence achieved through the struggle of the Malaysian people opened a road for them to build a new life.

The article goes on:

Malaysia is externally pursuing a non-aligned policy and calling for regional cooperation and the neutralization and denuclearization of southeast Asia as a member of the ASEAN.

In particular, she put forward a proposal to establish an East Asian economic council and is striving to realise it.

MINJU CHOSON in a signed article says that the Korean people wish the Malaysian people greater success in their work for the prosperity of the country.

Foreign Party Leaders Greet Kim Chong-il

SK0109064395 Pyongyang KCNA in English 0408 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the occasion of the 50th anniversary of Korea's liberation.

The messages came from Vladimir Burdyugov, chairman of the political council of the Left Party of Russia; Vassalo Anthony, general secretary of the Central Committee of the Communist Party of Malta; Roland Atta-Kesson, national chairman of the National Convention Party of Ghana; and Joao Amazonas, chairman of the Central Committee of the Brazilian Communist Party.

The messages expressed the belief that the Korean people will achieve great successes in their efforts for the building of socialism and the independent and peaceful reunification of the country under the wise leadership of Comrade Kim Chong-il.

Comrade Kim Chong-il also received a message of greetings from the standing committee of the Central Committee of the Communist Party of the Russian Federation on the same occasion.

Kim Chong-il Sends Gifts to Flood Victims

SK0109042895 Pyongyang Korean Central Television Network in Korean 1100 GMT 28 Aug 95

[FBIS Translated Text] The great leader [yongdoja] of our party and people Comrade Kim Chong-il sent gifts to flood victims in Yucho-ri and Sangdan-ri in Sinuiju. Meetings to deliver the gifts sent by the great leader Comrade Kim Chong-il were held at the respective spots. Following gift-conveying speeches, the respected and beloved Comrade Kim Chong-il's gifts were delivered.

Discussions on resolution followed. Speakers said that they cannot forget the mercy of rescuing them from the verge of death due to the first-ever great flood since the birth of the Amnok River [Yalu River] and that their gratitude to the great leader Comrade Kim Chong-il, who sent valuable gifts with fatherly love, is beyond words. They said that in the course of overcoming the greatest flood they have had in 1,000 years, they again felt deep in their hearts how broad, how warm, and how great is the respected and beloved General Kim Chong-il's bosom, where our people are embraced.

They pointed out that the respected and beloved general took various state-level measures to stabilize the flood victims' livings and stressed that this can be blossomed only by the our popular masses-centered style of socialist system that values man most. They said that they will always bear deep in their hearts today's honor and happiness of receiving the great leader Comrade Kim Chong- il's benevolent gifts of love, maintain absolute reverence to the respected and beloved general, loyally uphold his leadership, and devote all their wisdom and passion to make our country and fatherland more prosperous.

More on Sending Gifts

SK0109043095 Pyongyang Korean Central Television Network in Korean 1100 GMT 31 Aug 95

[FBIS Translated Text] A meeting to deliver the gifts from the great leader [yongdoja] of our party and people Comrade Kim Chong- il to flood victims in Taji-ri in Sinuiju was held on the spot. Following the gift-conveying speech, the gifts sent by the respected and beloved Comrade Kim Chong-il were delivered at the meeting.

Discussions followed. Speakers said that they will never be able to repay the mercy of rescuing them from the verge of death due to the unprecedented flood and that their gratitude to the respected and beloved General Kim Chong-il, who gave them valuable gifts with the love of real parents, is beyond words. They said that in the course of overcoming the flood, they came to feel deep in their hearts how broad, warm, and great is the respected and beloved General Kim Chong-il's bosom that embraces them. They expressed the greatest glory and gratitude to the great leader Comrade Kim Chong-il.

They said that the respected and beloved general is a benefactor who guarded our destiny and saved our lives and the eternal sun that blooms our happy life. They reaffirmed their resolve to always remember today's honor and happiness of receiving the gifts of love, loyally uphold the general's leadership, and devote all their wisdom and passion to make our country and fatherland more prosperous.

Meeting Marks Kim Chong-il Activities

SK0109094995 Pyongyang KCNA in English 0425 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Meeting was held on August 31 to commemorate the 35th anniversary of the start of the revolutionary activities of the great leader Comrade Kim Chong-il at Kim Il-song University.

Comrade Kim Chong-il mounted Yongnam hill on the campus on September 1, 1960, made a significant statement that to become the master responsible for the Korean revolution and carry forward the revolutionary cause of the respected leader President Kim Il-song generation after generation is a noble duty for the era and the revolution, the country and the people, and then solemnly declared before the history his steadfast faith and will by reciting the immortal (?poem) "Korea, I Will Glorify Thee".

Pak Yong-mun, chief secretary of the party committee of Kim Il- song University, in his report said: The revolutionary activities of dear Comrade Kim Chong-il at Kim Il-song University were historical event which marked an epochal turn in carrying forward and accomplishing the chuche revolutionary cause and realizing the independence of the popular masses.

Comrade Kim Chong-il, who flawlessly personified the distinguished natural endowments, extraordinary ideological and theoretical intelligence and outstanding leadership ability on the noblest level, performed the immortal feats of the era and history with his unremitting thinking and study and energetic activities.

He clarified that the chuche idea, the revolutionary idea of President Kim Il-song, is, indeed, the unique and encyclopedic revolutionary idea indicating the way of solving all problems arising in the revolution and construction of our era, and the guiding idea forming the highest peak of the history of human thought. He made clear from a new angle the historical position of the chuche idea founded by President Kim Il-song and scientifically proved that our era brought a switchover to a new historical era guided by this idea. Herein lies the great feat Comrade Kim Chong- il contributed to the development of human thought and theory and while conducting the revolutionary activities at Kim Il-song University, Comrade Kim Chong-il wisely led the party building, party activities, socialist construction, the education and scientific work of the university, performing the immortal great feats.

Sources Say Cholera Outbreak Killed 230

OW0109042195 Tokyo SANKEI SHIMBUN in Japanese 31 Aug 95 Evening Edition p 1

[FBIS Translated Text] Sources concerned with Japan-DPRK relations revealed on 31 August that a cholera epidemic took place in North Korea (DPRK) from May, killing more than 200. The North Korean authorities finally issued a "declaration of the end of the epidemic" late in August, but several thousand people are still said to be in hospital. North Korea has suffered from chronic shortages of food, and more recently it has been hit by damage from typhoons. The people of the country appear to be living in a more pitiful state than before.

It was in early May that the cholera epidemic started to spread — shortly after the "Pyongyang Sports and Culture Festival," which featured such events as professional wrestling matches, was held. The epidemic struck south of Pyongyang, the capital city, and places across the country such as Chongjin, Wonsan, Hamhung, Sunchon and Sinuiju, killing 230. Several thousand people have been hospitalized.

According to the sources, North Korea was short of not only hospital beds for the general public, but also medical supplies. Consequently, many of the patients resorted to folk remedies [minkan ryoho] to cure the disease and most of those hospitalized were accommodated in tents built on hospital grounds.

The sources added that as a result of the continuing food shortages in North Korea, the people suffer from very poor nutrition and their bodies lack the resistance needed to fight the disease, and this has prompted the prevalence of the epidemic and caused the high mortality rate.

While the cholera was rampant, the North Korean authorities banned the entry of all foreigners into the country. Korean residents in Japan were not allowed to visit their family members in North Korea, and a request by Japan's "East Asia Trade Research Institute" to send a delegation to North Korea was turned down. As, though, there were no explanations whatsoever for the ban, there has been speculation in diplomatic quarters that it might have had something to do with the struggle over Secretary Kim Chong-il taking the full reins of power.

The spreading of epidemic started to drop on 12 August, and controls on traffic into the cholera-infected areas have been lifted, though several thousand people are obliged to continue living in tents. North Korea has had food shortage problems and has sustained damages from heavy rainfall recently, and the life of the people is said to be extremely tough. It was because of this that the country decided to take rice in emergency humanitarian aid. In addition, more recently, it had asked the United Nations for aid in food supplies and the United Nations sent a survey team to Pyongyang in response to the request.

Compulsory Education Anniversary Marked

SK0109095095 Pyongyang KCNA in English
0431 GMT 1 Sep 95

[FBIS Transcribed Text] Pyongyang, September 1 (KCNA) — Twenty years have passed since the universal 11-year compulsory education began in all parts of the Democratic People's Republic of Korea.

Introduced on September 1, 1975, this educational system is the most revolutionary one which is conducive to the revolutionary cause of the working class, the socialist and communist cause, by rearing all children in eleven years to be comprehensively developed communist persons with a revolutionary world outlook, perfect secondary general knowledge, more than one technical skill and sound body.

A meeting marking the anniversary took place here Thursday.

Addressing the meeting, vice-premier of the Administration Council Chang Chol said the complete introduction of the educational system in the DPRK was a historical event which fully demonstrated the validity and vitality of the chuche-based educational idea of the Workers' Party of Korea, its policy of the universal compulsory education and the genuine advantages of the socialist educational system.

"As the great leader Comrade Kim Chong-il has energetically guided the efforts to thoroughly implement the socialist educational theses, the quality of the universal 11-year compulsory education has been improved steadily and its advantages and vitality have been brought into full play," he said.

According to him, the 11-year education has proved very successful over the past two decades.

The principle of giving priority to the political and ideological education and the heuristic method of teaching, a unique method of our style, have been fully applied in all schools. This makes it possible for the school boys and girls to arm themselves with the chuche-based world outlook and possess basic technical know-how necessary for production, more than one technical skill and strong physical strength.

Talk Praises Chuche Idea as Socialism's Source

SK3108235395 Pyongyang Korean Central Broadcasting Network in Korean
0900 GMT 31 Aug 95

[Unattributed talk: "The Chuche Idea Is the Fundamental Source of the Superiority of Our Style of Socialism"]

[FBIS Translated Text] Today, our people enjoy true life and infinite happiness under the popular mass-centered socialism of our own style, which is provided by the fatherly leader. Our style of socialism is the most superior socialism that satisfactorily provides the popular masses with an independent and creative life because it is a socialism that was established embodying the chuche idea and is being further solidified and developed with the chuche idea as the guiding policy.

The great leader Comrade Kim Il-song taught: Briefly put, the socialism of our country is a man-centered socialism embodying the chuche idea.

The great chuche idea founded by the respected and beloved leader is the guiding policy of the socialism of our country. The fundamental superiority of our style of socialism is that it is a popular mass-centered socialism in which the people are the true masters of society and in which everything serves them; the chuche idea is its fundamental basis.

Socialism is a society based on the revolutionary ideology of the working class; its development is ensured by the scientific, revolutionary, and realistic nature of the ideology and theory on which it is based. The chuche idea, on which our style of socialism is based, is the most scientific and revolutionary ideology that clearly elucidates the road of national liberation, class liberation, and mankind liberation, reflecting the demand of the age of independence. At the same time, it is an ideology that thoroughly embodies the natural demand of the working class to defend man's independence and achieve it.

The chuche idea completely elucidates the ideology, theory, and method for realizing the socialist and communist cause, the ideal of mankind. The entire process of our revolution has been the process of embodying the chuche idea and of building our style of socialism by using the chuche idea as the guiding policy.

Under the great leader's wise leadership, our people have pioneered the road to socialism using the chuche idea as their guiding policy according to their faith. Solving difficult and complicated problems arising in the struggle for independence, sovereignty, and socialism on their own, our people solved the problems in conformity with the specific reality of our country.

Our people realized the cause of national liberation and class liberation based on the independent revolutionary force, and solved the problem of sovereignty and the socialist remaking of the relations of production based on the chuche idea as their guiding policy without imitating others or being influenced by existing formulas.

In solidifying and developing socialism in our country, we are strengthening the main force of the revolution and remaking nature and society using the chuche idea as our guiding policy. By so doing, we built in this land a true society of the people, the most superior popular mass-centered socialism in which the popular masses are respected as the masters of society and in which everything in society serves them.

In our style of socialism, man's natural demand is fully realized. As the chuche idea elucidated, man is a social being having independence, creativity, and consciousness. The most important natural demand of man as a social being is a political life that fully enjoys political freedom and enjoys the right as the true master of the state and society, infinitely adding luster to this with a noble socio-political life.

Today, our people freely participate in the management of state, social, and political activities as the masters of the state and society. As members of a certain political organization, everyone leads a political and organizational life.

Through a political life, our people play the role of masters in establishing and executing the policies of the party and state, and realize the ties of kinship as a socio-political living organism.

To enjoy an equal and sound material life is the natural demand of man as a social being. The socialism of our country fully ensures the sound and equal socialist material life that contributes to the realization of man's independent demand and ensures his creative activities.

In our country, everyone is practically assured of the right to food, clothing, and shelter as well as the conditions necessary to fulfill these. All workers labor creatively in a stable work environment and are given income distribution according to the result of their labor. Thanks to the people-oriented policies of the party and state, they receive many additional benefits. Thus, all people enjoy a stable material life free from worries about their livelihood.

Cultural life is an important aspect of social life, and man can be said to lead a life suitable for the natural demand of man as social beings when he enjoys a sound and rich cultural life as well as a political and material life. Under the socialist system of our own style, our people create and enjoy socialist culture and art that is suitable for man's independent aspiration and national feeling, and fully enjoys a rich cultural and emotional life.

Thanks to the benefits of the most people-oriented cultural system, such as free compulsory education and free medical care, our people can learn throughout their life and live happily, enjoying health and a long life.

In our country, people have a noble and beautiful morality as well as the traits of independent men. Free from all sorts of social evils, they live and struggle with high hope, pride in life, and conviction in the future.

Thus, our style of socialism is truly a most superior socialism that fully assures people of the social conditions in which they can live and develop in conformity with their independent, creative, and conscious nature. This is the shining fruition given by the chuche idea.

Today, our people value more than their own lives the popular mass-centered socialism of our own style that fully ensures the independent and creative life, the true life of man; can royally uphold the great leader Comrade Kim Chong-il according to the great leader Comrade Kim Il-song's behest; and are vigorously engaged in carrying out the chuche socialist cause.

Our people are creating miracles and innovations every day at major socialist construction sites, such as the site building of the party founding monument. Our people will wage a more vigorous struggle under the banner of the chuche idea for the brilliant inheritance and completion of the chuche revolutionary cause pioneered by the great leader.

Socialist Patriotism Education Stressed

SK3108113195 Pyongyang KCNA in English 1022 GMT 31 Aug 95

["Intensifying Education in Socialist Patriotism Is Important Demand for Accomplishing Socialism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The great leader Comrade Kim Chong-il, in his famous work "Giving Priority to Ideological Work Is Essential For Accomplishing Socialism", elucidated the idea on intensifying education in socialist patriotism. This is a great idea which makes it possible to cement the ideological bulwark of socialism and firmly defend socialism whatever storm may wind. And it is a militant banner which leads the Korean revolution and the universal socialist movement to victory.

NODONG SINMUN today says this in a signed article today.

The paper quotes the great leader Comrade Kim Chong-il as saying:

"To instil loyalty to socialism into people, we must intensify education in socialist patriotism among them."

Pointing to the validity of the idea on stepping up education in socialist patriotism, the article says:

The validity lies, above anything else, in the fact that the idea most correctly reflects the requirements of the present era in which socialism is carried out with a country and nation as a unit.

Only when education in socialist patriotism is intensified, is it possible for the popular masses to steadfastly fight for the prosperity and development of the country and the final victory of the revolution with national pride and self-confidence.

In the building of socialism it is the most important work to arm people with the idea of socialist patriotism so that they can devote their all to their own country and their own socialist system.

But education in socialist patriotism had been neglected in some countries which were building socialism. As a result, the popular masses, the driving force of socialism, could not turn out in the honorable struggle for their own country and nation, and even some betrayed their country and nation, creating a tragedic situation.

This clearly proves that it is impossible to successfully build socialism without such education in socialist patriotism as equipping the masses with national pride and self-confidence in living and working for the revolution in a socialist country.

The validity is also manifested in the fact that the idea enables the masses to properly carry out their national and international duties to the revolution.

Only when one loves his country and nation can he fight devotedly for socialism, with the attitude of being a master of the revolution in his country. Only those who love their countries and nations and are loyal to the revolution in their countries respect the sovereignty of other countries and nations, and fight strongly against any encroachment upon it. The national and international duties to the revolution are one and the same, and communists, who are unfailingly loyal to the people's cause of independence, are true patriots and, at the same time, genuine internationalists.

The Korean people are now full of national pride and self- confidence in living and working for the revolution under the people-centred socialist system led by the party. They ardently love their chuche-orientated socialist country and reliably defend their socialist achievements, frustrating the anti-socialist, anti-DPRK schemes of the imperialists and reactionaries.

Sungri General Motor Produces New Trucks

SK3108060095 Pyongyang KCNA in English 0453 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The Sungri General Motor Works of Korea is producing new-type automobiles in large numbers with the 50th anniversary of the Workers' Party of Korea at hand.

The new-type trucks are modern versions of the old-type ones. They have been revised to suit the specific conditions of the country and the trend of the development of science and technology.

They have been perfected in technical terms through years of trial operation. They are very economical.

The main advantage is low consumption of fuel.

Especially, the fuel consumption level of the Sungri-58 diesel truck is decreased 30 percent. Many accessories have been revised so that the time of manufacture is reduced and many materials and electricity are saved. It is easy to service or adjust the truck.

The Sungri General Motor Works holds an important place in the development of the nation's automobile industry. It mass-produces 2.5 ton, 10 ton, 25 ton, 40 ton and other trucks and efficient engines.

Television Reports Shoe Plant Improves Output

SK3108102195 Pyongyang Korean Central Television Network in Korean 1100 GMT 28 Aug 95

[FBIS Translated Text] The Iwon Export Shoe Plant, which has been modernized under the great love and considerations of the great leader [yongdoja] Comrade Kim Chong-il, is normalizing production at a high level. Functionaries and technicians of the plant have actively discovered internal reserves with the revolutionary spirit of self-reliance and fortitude, and are increasing shoe production by laying out excellent vinyl chloride production lines with their own materials. Meanwhile, they have increased shoe models and organized an excellent cloth shoe production base by strengthening cooperation with workers with creative idea.

Upholding the party's light-industry-first and trade-first policies, workers of the plant are actively waging the struggle to implement the policies. They ensure modern shoe production equipment in the plant are in full operation with full capacity and fulfill their assignments 1.2 times more every day.

Pujongang Power Plant Overfulfills Plan

SK0109094195 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 31 Aug 95

[FBIS Translated Text] According to a report by Ho Am of the Central Broadcasting Network, the functionaries and the working class of Pujongang Power Plant, who have risen to mark the 50th founding anniversary of the party with high political enthusiasm and brilliant labor feats, are normalizing power generation at a high level. The workers and technicians discovered reserves for increased power generation. The plant staff members laid out an economic organizational work plan to utilize the reserves in production.

Workers of the No. 1 generation workshop focused on modifying the No. 412 generator and significantly improved the generator's output. The No. 2 generation workshop improved the operation of machines and guaranteed a high water level and high efficiency, thus generating more electricity with the same amount of water. As a result, Pujongang Power Plant is generating 42,000 kilowatt more of electricity than the plan every day.

Functionaries Resolve To Increase Coal Output

SK0109110895 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 31 Aug 95

[FBIS Translated Text] The working class of various mines under the Coal Industry Ministry who are vigorously launching with one mind to elucidate the great October festival with proud labor results, are vigorously kindling the flames of the struggle to increase coal production by highly resounding the revolutionary drums.

Comrades Pak Yong-un, deputy chief of the Production Guiding Bureau of the Coal Industry Ministry, and Choe Chae-hyok, responsible instructor, who met station reporter Pak Sang-kyu said as follows:

[Begin recording] [Pak Yong-un] Under the determination to elucidate this significant year, which marks the 50th anniversary of the party founding, with increase in coal production, the functionaries and working class of various mines under our Coal Industry Ministry are highly resounding the revolutionary drums at every coal mine, thus, continuing to vigorously push ahead to increase coal production.

When summing up the materials by the Coal Industry Ministry, as was in the case of all other units, in August, the working class of the mining complex under the South Hamgyong Province district and the Pukchang district mining complex were deeply aware of the importance of the duties they are entrusted with in implementing the party's revolutionary economic strategy. By highly manifesting the revolutionary spirit of self-reliance, they provided wooden prop by themselves and by considerably increasing the turnaround time, innovations were achieved every day in coal production.

In particular, the Tokchon mine, Hungnyong mine, and Kangdong mine under the Tokchon district mining complex and the Kangdong district mining complex are continuing to vigorously push ahead with high-speed tunneling and, by actively accepting advanced coal mining method, they are maintaining a high and steady rate of production.

In September, the functionaries and working class of various mines under our Coal Industry Ministry established a bold plan to complete an annual coal production target ahead of schedule, thus, they are continuing to vigorously kindle the flames of the struggle to increase coal production.

[Choe Chae-hyok] Yes, that is so. Functionaries in our province are personally going into the coal mines in accordance with the upsurged revolutionary enthusiasm of the producer masses to vigorously carry out the political work, and will work so that continued innovations will take place in the coal mines while all the more scrupulously carrying out the economic organization work.

Therefore, the pledge of loyalty which was made before the fatherly leader's bier will be abided by to the end and we resolve to uphold the great leader [yongdoja] Comrade Kim Chong-il by increasing coal production all the more . [end recording]

South Korea

KEDO To Hold Reactor Talks With North in Sep

SK0109031195 Seoul YONHAP in English 0255 GMT 1 Sep 95

[FBIS Transcribed Text] New York, Aug. 31 (YONHAP) — Deputy Executive director Choe Yong-chin of the Korean Peninsula Energy Development Organization (KEDO) said Thursday the light-water nuclear reactor talks between KEDO and North Korea will be held in mid-September and the venue for the talks will be decided in a couple of days.

In a meeting with reporters, Choe said the talks will consist of two groups, one group of high-level talks and another of expert meetings to prevent the talks from breaking down.

If any differences take place during the experts' talks, then the high-level meeting will play a mediator's role, he explained.

Representing KEDO at the negotiations will be the executive director and two deputy executive directors, but it is not yet known who North Korea will send to the meetings.

Disclosing that the recent trip by a KEDO team to North Korea, surveying sites for the construction of light-water reactors, was successful, Choe said North Korean authorities were very cooperative.

Although the final site for the light-water reactors has yet to be determined, he maintained, Sinpo in North Korea is likely to be chosen as the reactors' location.

Flood Damage Prompts North Aid Requests

Appeal to U.S. NGO's

SK3108111095 Seoul YONHAP in English 1055 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — North Korea, reported to have been stricken by disastrous floods in the recent past, has asked U.S. non-government organizations to provide emergency flood assistance, it was learned here Thursday.

An informed source said Pyongyang made the request in a message to the head of the International Business Management Consultants, Ltd. in Illinois.

The letter, dated Aug. 25, was signed by First Secretary Hyon Hak-pong of the North Korean permanent mission to the United Nations in New York.

The company specializes in furnishing advices to American industries doing or trying to do business with North Korea.

In the message, Hyon said that for ten days beginning July 26, heavy rains of upward 583 mm a day hit his country, leaving about 500,000 people homeless.

He asked the consultants firm to see to it that "humanitarian organizations" in the United States provide North Korea with medicines, foods and other daily needs.

The letter said that the recent floods were even worse than the one suffered in 1967, that the hydro-power dam across the Yalu River separating China and North Korea overflowed, and that farmlands, residential areas, reservoirs and public facilities were inundated, washed away or otherwise destroyed in 12 major cities and Provinces.

Saying that there were no fatal flood victims owing to timely rescue work, the North Korean official said 1,500 people were rescued during their being swept away in swollen rivers or streams and 3,000 isolated people were evacuated to safety by helicopters alone.

The American firm asked in writing the U.S. Red Cross, CARE (Cooperative for American Relief to Everywhere), the World Vision and the like to try to send relief goods to North Korea.

The firm suggested that assistance for North Korea this time would be a good occasion to make North Korea join the international community.

Foreign Ministry Report

SK0109090395 Seoul YONHAP in English 0842 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — North Korea recently requested Germany, France, Switzerland, Romania and the International Federation of the Red Cross (IFRC) to provide emergency aid to the flood-stricken communist country, a report from the United Nations Department of Humanitarian Affairs (DHA) said Friday.

The report received by the Foreign Ministry also said that North Korea is suffering from a shortage of medical supplies and it is highly likely that contagious diseases may appear in the North as a result of the flooding.

The four-member DHA inspection team and a World Health Organization official, now conducting a survey of the flood damage in the North, also reported that they were briefed by North Korean officials on the damage Tuesday upon their arrival in Pyongyang.

The officials will tour several areas hardest hit by the recent flood, including counties and cities in North Hwanghae and North Pyongan Provinces, according to the report.

Petition to UN

SK0109023295 Seoul THE KOREA TIMES in English 1 Sep 95 p 1

[FBIS Transcribed Text] North Korea is seeking emergency relief aid from the United Nations following the worst floods there in decades that caused an estimated 15 billion U.S. dollars in damage, the Foreign Ministry said yesterday.

The U.S. Department of Humanitarian Affairs (DHA) in Geneva recently circulated a memorandum calling for member countries to make contributions for the relief aid program for flood-stricken North Korea, the ministry said.

According to officials of the DHA based in Geneva, North Korea is seeking aid for the first time from the department in the form of food, medicine and help in rebuilding roads, railways and communication links, the ministry said.

The DHA is also prepared to serve as a channel for cash contributions to be used during the immediate phase of relief, the memo reads.

North Korea was quoted by the memo as reporting that about 5.2 million people in 145 countries of 12 provinces were affected by the heavy rains. "On average, 583 mm of torrential rain fell continuously from July 26 to Aug. 9 and in some parts, 600 mm in one or two hours caused considerable damage," the memo reads.

It reported that torrential rains caused flooding mainly in North Pyongan, South Pyongan and Kangwon province from July 26 to Aug. 18.

North Korea admitted that dwellings, agriculture and livestock industries were severely damaged along with educational, public health, transport and telecommunications facilities.

"The total damage was initially estimated by the government at 15 billion U.S. dollars," the DHA memo said.

But it reported that no lives were lost because of the swift evacuation of residents from the affected areas by is army.

Ministry officials said that even if the estimate of $15 billion in flood damage is an exaggeration by the North to attract help, the crisis it now faces is serious enough to have long-term implications for its future course, including a possible delay of Kim Chong-il's taking power.

The flooding must have dealt a lethal blow to the North's food situation which has been worsening, the officials said. North Korea, which has been running short some 2 million tons of grain every year, agreed in June to accept food aid from its rival South Korea and Japan.

A DHA official and disaster relief experts from Sweden, Denmark and Finland are now assessing the damages in North Korea, according to the ministry.

They will be joined by specialists from the World Health Organization, the Food and Agriculture Organization, UNICEF, and the World Food Program. The Swiss Government also has sent a representative at the request of North Korea.

Appealing for cash contributions for emergency relief, the DHA memorandum said, "Funds will be spent in coordination with relevant organizations of the UN system and the DHA will provide donor governments with written confirmation of utilization of funds contributed."

North Asks Japan for Additional Rice

Kim Yong-sun Remarks Cited

SK3108115495 Seoul YONHAP in English 1144 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 (YONHAP) — North Korea has asked Japan for more rice in addition to the 300,000 tons being shipped to the North, and the coalition cabinet will review the request, a senior Japanese Government official said Thursday.

While meeting with South Korean correspondents, Vice Foreign Minister Sadayuki Hayashi said Pyongyang has asked some Japanese Dietmen to see to it that Japan provide more rice to North Korea.

Hayashi hinted Japan may accept the North Korean request by saying Japan has a stock of 200,000 tons of foreign rice which Japan imported in haste last year when it suffered a short supply of rice.

He added, however, that the remarks allegedly made by North Korean Workers' Party Secretary Kim Yong-sun in an interview with a South Korean magazine run counter to the Japanese policy of providing rice to the North on humanitarian ground.

"Our government and ruling party are checking the truth of Kim Yong-sun's statement," he said.

Kim was said to have remarked that North Korea does not suffer rice shortage and that Japan has given rice to them as a compensation for the wrongdoing Japan committed against Korea in the past.

The vice minister said his government does not plan to suspend the delivery of the 300,000 tons of rice already committed merely because of Kim Yong-sun's remarks.

Turning to the issue of rapprochement talks with North Korea, Hayashi said the resumption of normalization talks is being promoted without any conditions.

"But, our position is that it would be difficult to normalize ties with North Korea without completely resolving the North Korean nuclear issue," he said.

He added that contacts are being made with North Korea to decide the time and place of resumed normalization talks. "But, nothing has been decided as yet," Vice Minister Hayashi said.

Japanese Official Comments

SK0109080095 Seoul MUNHWA ILBO in Korean 1 Sep 95 p 2

[FBIS Translated Text] Sadayuki Hayashi, Administrative Vice Foreign Minister of Japan, on 31 August stated that "through the coalition ruling party, Japan recently received a request from North Korea for support of rice in addition to 300,000 tonnes which Japan promised to offer." He added that "Japan will decide on the additional support within the scope of 200,000 tonnes of rice, which are in stock after Japan urgently imported last year."

Vice Minister Hayashi revealed this position of Japan during a special news conference with Korean reporters 31 August. He said that "the ROK Government is also aware of the possibility of Japan offering additional rice support to North Korea."

Vice Minister Hayashi also pointed out that "Japan is now examining the true intention of Kim Yong-sun, secretary of the Workers Party of Korea, which was revealed in his remarks during an interview with an ROK magazine. Whether Japan will provide additional rice to North Korea or not will be decided following examination of his remarks."

Japan Rejects Request

SK3108142495 Seoul KBS-1 Television Network in Korean 1230 GMT 31 Aug 95

[FBIS Translated Text] It was learned today that the Japanese Government immediately rejected North Korea's recent request for additional rice aid. Also, the Japanese Government said that the additional rice aid to North Korea would not exceed 200,000 tonnes even if North Korea fully explains the controversial remarks made by Kim Yong-sun. Correspondent Yi Hyon-chu reports from Tokyo.

[Begin Yi recording] Japanese Vice Foreign Minister Hayashi, in a special news conference with a group of ROK reporters today, said that North Korea recently requested additional rice aid through the Japanese ruling coalition party but that the Japanese Government rejected it. Vice Foreign Minister Hayashi said that the Japanese Government notified the North Korean side that the Japanese Government will not give additional rice aid unless North Korea makes convincing clarification of the remarks made by Kim Yong-sun, secretary of the North Korean Workers' Party.

Vice Foreign Minister Hayashi said that although he cannot disclose the amount of additional rice aid North Korea requested, the Japanese Government would not give more than 200,000 tonnes in aid, which is the stock on hand from the emergency import from the United States in 1994, even if the controversial Kim Yong-sun's remarks are clarified and additional rice aid is given.

Japanese Chief Cabinet Secretary Nosaka, who also had a special news conference with a group of ROK reporters, stressed that even if Hashimoto, minister of International Trade and Industry, who is known to be a rightist figure, becomes President of the Japanese Liberal Democratic Party, the ROK-Japanese relations would not change.

At the news conference held at the Japanese Prime Minister's official residence today, Chief Cabinet Secretary Nosaka apologized with frank expressions for the past wrong Japan committed, namely aggression and colonial rule. This action is rarely seen from a Japanese Government official. [end recording]

Contact With North Likely at Beijing Conference

SK0109041295 Seoul CHUNGANG ILBO in Korean 1 Sep 95 p 2

[FBIS Translated Text] A North-South women's contact is likely to be held in Beijing soon as a result of North Korea's dispatch of Financial Minister Yun Ki-chong to the Fourth World Conference on Women. A government official stated that "the conference includes a program of the meeting between North and South Korea," and that an "unofficial meeting between North and South Korean women is likely to be held this week at the earliest date." As an honorary senior member of the ROK delegation, First Lady Son Myong-sun has attended the conference aimed at enhancing women's position.

Trade With North Reduced Due to Floods

SK0109043595 Seoul HANGUK ILBO in Korean 1 Sep 95 p 9

[FBIS Translated Text] It was learned on 31 August that due to flood damage in North Korea, the volume of North-South trade has been drastically reduced.

According to marine transportation business circles, because of flooding that continued for a month in North Korea, plants were destroyed and the inland transportation network and communications have been paralyzed. As a result, the delivery of commodities manufactured in North Korea under a subcontract, as well as iron products, into South Korea, has been reduced by 40 percent. Meanwhile, South Korean vessels and ships that entered Nampo and Chongjin are forced to wait 15 to 40 days, thus causing a serious backup of ships.

The Hansong Shipping Corporation revealed that its 9,000 ton-class ship, which went to Chongjin Port in July, returned mid-August after 40 days due to the delay in the transport of commodities, a setback in production in North Korean plants and the like. An official in this company said that one of the company's ships has been waiting for shipment of iron products in Chongjin Port for over 15 days.

This official stated that because of flooding in North Korea, the delivery of products to the ROK was reduced by 30 percent last month, and the number of shipping operations between Inchon and Nampo, which used to be four times a month in the past, and between Pusan and Chongjin, which was two times, is to be further reduced.

Officials of Samson Marine Transport say that the volume of goods shipped from North Korea was reduced by 40 percent this month, while the goods shipped to North Korea were decreased by 65 percent. Besides, the number of operations of ships in the route between Inchon and Nampo, which used be three to four times a month, was reduced to two times. With suspension of the delivery of iron and steel products from North Korea, the operation of ships in sea routes between Pusan and Chongjin has also now been suspended.

The relevant business circles observe that the drastic reduction in commodity exchanges between the North and the South since July has been prompted by a 70 percent reduction in on-commission processing trade and by destruction of roads, plants and communications facilities due to recent flooding in North Korea. It has also been learned that continuously from mid-July to the present when No. 7 typhoon "Janis" hit, there was heavy rainfall in North Korea, which caused serious damage.

Meeting Held With Japanese Businessmen

SK0109033195 Seoul THE KOREA TIMES in English 1 Sep 95 p 8

[FBIS Transcribed Text] Business leaders from Korea and Japan have held their third annual industrial cooperation meeting at the Shilla Hotel in central Seoul to discuss latest developments in the business environment.

The closed two-day session, reportedly focused on joint advances into third markets by Korean and Japanese companies, taking advantage of the strengths of each party.

The Korean delegation was headed by Samsung Electronics Chairman Kang Chin-ku while the Japanese team was chaired by Toru Kusukawa, said officials of the Federation of Korean Industries, the organizer of the event.

They said the results of the two-day session will be reported during a meeting of the Korea/Japan Business Council meeting scheduled for this October.

Briefs on Trade Disputes With PRC; HDTV

SK0109060895 Seoul YONHAP in English 0529 GMT 1 Sep 95

[FBIS Transcribed Excerpt] Seoul, Sept. 1 (YONHAP) — Similar to the growing trade volume, commercial disputes between South Korea and China are on a sharp increase.

The Korean Commercial Arbitration Board (KCAB) said on Friday that the number of claims filed since Aug. 24, 1992, when diplomatic ties between the two countries were established, total 72 cases and amount to 21.75 million U.S. dollars.

Of the total claims made to the KCAB over the last three years, 47 cases, valued at 19.09 million dollars, came from exports to China, while 25 other cases, estimated at 2.65 million dollars, stemmed from imports from China, a KCAB official explained.

Reasons for the claims varied, but failure to make payment for products delivered topped the list with 21 cases worth 10.65 million dollars, the official said.

By field, electrical and electronic goods ranked first in the number of cases with 17, while home appliances secured the top spot in total claim value with 7.26 million dollars, the official said.

Meanwhile, the number of claims filed increased from 6 during the first year of diplomatic relations, to 28 last year, the official added.

— LG Semicon Co. said on Friday that it has developed a frame memory chip, a core component for processing moving picture data in high definition televisions (HDTV), for the first time in the world after investing 5 billion won over the last three years.

The newly developed product can read data on 16 x 16-bit blocks, an image processing unit which MPEG (moving picture experts group) is recommending, an LG official explained.

LG's frame memory chip was created as part of a national project to develop HDTV with the financial assistance of the Korea Electric Power Corp., the official said.

Meanwhile, LG Semicon is currently conducting works to expand the capacity and speed of its frame memory chip and to reduce its size in prepartion for the commercialization of HDTVs, the official added.

— As of the end of 1994, domestic electronic companies invested a total of 2.02 billion U.S. dollars in 661 projects abroad on a government approval basis, the Electronics Industries Association of Korea (EIAK) said on Friday.

The figure accounted for 19.8 percent in cases and 35.7 percent in amount of total overseas investments made by the country's manufacturing industries, according to EIAK, which surveyed its 50 member businesses by mail.

By region, China topped the list with 26 percent of the total 661 cases as of last year's end, followed by southeast Asia with 24 percent, North America with 19 percent and Europe with 14 percent, according to EIAK's tally. [passage omitted]

Foreign Debt Reaches Record $70 Billion

SK0109032995 Seoul YONHAP in English 0100 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — South Korea's total foreign debt came to an all-time record high of 70.20 billion U.S. dollars at the end of June, up 13.35 billion dollars from the end of last year, according to the Finance and Economy Ministry and the Bank of Korea on Friday.

Consequently, net foreign debt, or the total debt minus the nation's overseas assets, rose 7.02 billion dollars, or 68 percent, to 17.3 billion dollars in the first half of the year.

Meanwhile, overseas assets increased 6.33 billion dollars to 52.87 billion dollars in the six-month period.

Short-term foreign loans repayable within a year increased 9.24 billion dollars from the end of last year to 39.63 billion dollars at end-June, while long-term loans rose 4.11 billion dollars to 30.56 billion dollars in the same period. The increase of the short-term debt accounted for 69.2 percent of the total foreign debt increase in the six-month period.

The nation's total foreign debt fell from 46.76 billion dollars in 1985 to 29.37 billion dollars in 1989, thanks to current-account surpluses during the period, but reversed and increased to 31.69 billion dollars in 1990, 39.13 billion dollars in 1991, 42.81 billion dollars in 1992 and further to 43.87 billion dollars in 1993 chiefly because of the current-account's turnaround to a deficit.

Bank of Korea officials blamed the increased current-account deficit, business corporations' swollen foreign loans to finance investment in equipment and plants and the extended payment period for deferred payment-based imports for the sharp increase in total foreign debt.

Entry of Foreign Insurance Firms 'Inevitable'

SK0109040695 Seoul THE KOREA TIMES in English 1 Sep 95 p 9

[FBIS Transcribed Text] A government official said yesterday that Korea's lifting restrictions on the entry of foreign non-life insurance companies is inevitable.

Kang Kwon-sok, director of insurance policies at the Ministry of Finance, said the government will open the non-life insurance market on a gradual basis to foreign competition, commensurate with the nation's economic power and the size of the domestic insurance market.

He acknowledged the intensifying foreign pressure on Korea to open the non-insurance sector further.

In a seminar hosted by Samsung Insurance yesterday in Seoul, Kang said local non-life insurers should chart their own strategies in facing the ultimate opening of the non-life insurance market. He said many countries are showing a keen interest.

He is apparently referring to foreign non-life insurers who are urging Korea to open its tight restrictions.

European and American non-life insurers are saying that the Korean Government has not been balanced in its opening of the insurance market, which is the sixth largest in the world.

They said Seoul has permitted foreign life insurance companies to do business here either through branches, joint ventures, or subsidiaries. But foreign non-life insurance companies have been barred or restricted from doing any of this, a European insurer here said.

The government had already scrapped the so-called "economic need test" (ENT) requirements for the opening of branches by foreign banks and securities companies. But the ENT rule still exists for non-Korean non-life insurance companies, arming the government with the right to reject branch opening applications by foreign non-life insurance companies even if they meet all requirements.

Foreign non-life insurers have repeatedly conveyed their complaints through diplomatic channels to the Korean Government, sources said.

Seoul has been reluctant to open the non-life insurance sector more than the life-insurance sector because the non-life insurance business itself is intrinsically internationally oriented. Sixteen international non-life insurance companies from six countries maintain liaison offices. In addition, three foreign branches currently doing business here account for 0.4 percent of the local non-life insurance market.

President Kim Promises Fiji More Investment

SK0109035495 Seoul THE KOREA HERALD in English 1 Sep 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam, meeting with Fiji's Prime Minister Sitiveni Rabuka, offered his commitment to expand South Korean investments in the South Pacific nation.

Kim also expressed Seoul's appreciation for Fiji's decision to support the South Korean bid to become a nonpermanent member of the UN Security Council.

"Thanks a great deal to the support extended by your republic, the Republic of Korea will be participating in the South Pacific Forum scheduled to be held in early September," Kim said at a luncheon he hosted for the prime minister at Chongwadae.

This participation will add much to further developing cooperative relations between the South Pacific countries and South Korea, he added.

South Korea has become a "dialogue partner" of the South Pacific Forum which embraces 15 island countries in the South Pacific. The forum's secretariat is located in Fiji.

During the Chongwadae luncheon, President Kim said South Korea hopes to forge a closer economic partnership with Fiji.

Chongwadae officials said Prime Minister Rabuka wished that South Korea expand investment in Fiji's tourism industry. He also asked for South Korean support to its efforts to join the Asia-Pacific Economic Cooperation (APEC) forum.

"Our republic is more than willing to share our development experience with your republic, and we will spare no effort in providing you with support," Kim said.

Kim noted that since the establishment of diplomatic relations in 1970, South Korea and Fiji have been developing an increasingly close relationship.

The two countries concluded a double taxation avoidance pact last February and a South Korea airliner, Korean Air, will begin regular flights to Fiji three times a week in October.

Prime Minister Rabuka, who is on a four-day visit to Seoul, had met with his South Korean counterpart Yi Hong-ku upon his arrival Wednesday. The two prime ministers agreed at the meeting that South Korea expand its investments in Fiji's development projects.

Extradition, Investment Agreements With Brazil

SK3108055695 Seoul YONHAP in English 0450 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — South Korea and Brazil will sign agreements Friday on extradition and the mutual promotion and protection of investments, a Foreign Ministry spokesman said Thursday.

Foreign Minister Kong No-myong, on the last leg of his tour of five South American states, will sign the agreements with Brazil's acting Foreign Minister Sebastiao Do Rego Barros Netto [name as received] in the Brazilian capital of Brasilia, the spokesman said.

South Korea currently has extradition agreements with six countries including Australia, Canada, Spain, the Philippines, Chile and Argentina and it is initialing extradition agreements with Thailand, Paraguay and Mexico.

Ambassadors to Zimbabwe, El Salvador Appointed

SK0109091495 Seoul YONHAP in English 0809 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — The Foreign Ministry Friday appointed Minister Hwang Kyu-chung at the South Korean Embassy in Britain to Ambassador to Zimbabwe.

Meanwhile, Counsellor Pae Chin at the South Korean Embassy in Washington, the United States, was appointed ambassador to El Salvador.

Cabinet Reshuffle for 'Time Being' Shelved

SK3108114095 Seoul YONHAP in English 1133 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — President Kim Yong-sam may not effect a cabinet reshuffle for the time being, a senior Chongwadae [presidential offices] official said Thursday evening.

Originally President Kim was reported planning to change the cabinet and his senior secretaries on heels of the recent shakeup of key ruling party functionaries as a means of refreshing his administration in the second half of his term.

President Kim is also expected to keep the present lineup of his senior secretaries led by Chief Secretary Han Sung-su.

"I understand the president will host a working breakfast at Chongwadae next Monday morning for all the cabinet members and senior secretaries to ask them to prepare well for the coming regular National Assembly session opening in mid-September," the official said.

The president's host of the breakfast, he said, can be taken as a message that the cabinet members and senior secretaries carry on their work without being concerned about any reshuffle.

Article Reveals MND's New Defense Structure

952C0161A Seoul HYANGTO PANGWI in Korean May 95 pp 52-58

[HYANGTO PANGWI report: "The 1995 National Defense Administration Is Changing Like This"]

[FBIS Translated Text]

The Ministry of National Defense [MND], while positively responding to changes in the post-Cold War security environment, has actively improved various defense-related systems and laws to meet people's expectations—fueled by democratization and openness of society—for enhanced transparency and rationality in defense administration, not to speak of opening up major defense policies and matters of people's concern in an appropriate and timely fashion.

Of the scheduled changes for the national defense branch for fiscal 1995, herewith details of improved systems, including MND revamps, and amendments to various laws and regulations to help the people better understand the nation's defense administration. The Editorial Staff

Foreword

Today, in the first year of globalization, demands for change and reform are growing steadily in the defense branch as in all other branches of the national administration.

The MND is confronted with the dual task to go with the nationwide trend of reform and answer the people's desire for deregulation and change and, at the same time, positively respond to changes in the post-Cold War security environment.

Under these circumstances, the MND, which is required to maintain preparedness for national security, its primary responsibility, maintains full preparedness against North Korea's military provocations and, at the same time, places top priority on increasing combat power through the maximization of visible and invisible war potential by, among other thing, straightening out military discipline without undermining stability and by stirring up the military morale. At the same time, it is doing its best to improve, at reform levels, various systems and procedures that have caused problems in many respects in the course of implementing defense policies, as well as irrational laws and regulations, and to carry out such reforms faithfully with the understanding and cooperation of the people, and thereby to embody a defense administration enjoying the trust and cooperation of the people.

With fiscal 1995 here, let's take a look at major changes in defense- related systems, including newly created systems; at improvements in various laws and regulations; and at military activities for environmental preservation and the historic significance of the peacetime operational control that has been returned to the ROK Forces [ROKF].

Reorganization of Defense Structure

Following the 1994 reorganization of the economic ministries, the MND finalized its reorganization plan (draft) and announced it on 13 February 1995.

In the structural reorganization, the goal was set on consolidating the military into a productive and efficient combat organization. In regard to upper echelons, it focused on simplifying them on an efficiency-first basis in preparation for the future information age, while with lower echelons the emphasis was on beefing up war potential they can display.

Thus, the MND Headquarters is being reorganized with the focus on acquiring resources and management to pave the way for economical operations of the military, while the Headquarters of the Joint Chiefs of Staff [JCS] will establish operational system pursuant to the return last year of operational control to the ROKF; bring about balanced development of the fighting power of the three services; and maximize the integrated war potential. As for each command headquarters, the plan calls for readjustments focusing on education, training, and unit management to ensure that all units can develop and maintain their fighting power at maximum levels.

All this manifests the MND's will to build crack units with small but efficient organizations and transfer man and resources thus saved to combat units, and to establish military discipline anew through a vigorous push with education and training and, by doing so, to lift the forces onto advanced levels.

In accordance with the announced reorganization plan, the MND will define new functions and roles for upper structures by 1 April.

Revision of Military Justice System

Although the military justice system has been revised and supplemented on several occasions since its creation in 1962, it remains inadequate in view of the special nature of the military; consequently, there are demands for further improvement and revision to build a new legal system that can accommodate the present and future needs. Thus, with regard to operational shortcomings discovered in the present system in the process of implementation, they will be improved and complemented. Major revision in this area follow:

System of Punitive Demotion to Reservist Private Rank Scrapped

When officers, warrant officers, and noncommissioned officers on the active or reserve list are disqualified for cause, under the old system they were deprived of their current ranks and demoted to the rank of reservist private. The new system, however, has eliminated the loss-of-the-rank clause and, as a result, these officers will be placed on the reserve list but allowed to carry their current ranks. The change is intended for boosting the protection of personal position and interests in society.

{bold}Extended Benefits to Voluntary Retirement

Thus far, those in service for 20 or more years have been granted an honorable discharge allowance in case they choose early retirement from active service five years prior to the mandatory retirement age. Effective this year, the five-year period has been revised to 10 years in consideration of the balance with other public employees and to encourage generation changes in manpower and promote the morale and interests of military personnel.

{bold}Creation of Grievance Machinery

To provide a remedy for the grievances officers, warrant officers and noncoms — excluding enlisted men — may have with military life, in terms of duty assignment, personnel management, etc. (but excluding matters that can be resolved within their units or chain of command), investigative committees will be created in the MND Headquarters and each command headquarters. (The MND Appeals Board will hear cases being appealed.)

Revision of Military Service Law

As part of the follow-up measures relating to the new system of public- interest legal officer and the revised military justice system, the military service law will be altered to correct and supplement a variety of shortcomings discovered since the previous overall amendments to that law.

{bold}Creation of Public-Interest Legal Officer System

A new system of legal officer for public-interest affairs has been created to handle legal relief business concerning surplus resources held by the military in excess of the needs and legal matters relating to local governments' fulfillment of public duties, in accordance with "the law concerning the public-interest legal officer." Such legal officers will be appointed from among personnel in obligatory military service and qualified to practice law.

Under this system, implemented in January 1995, public-interest legal officers work in cities, counties, and smaller districts as public-interest service personnel for three years (not including time spent for basic military training) under the supervision of the minister of justice. They are paid by the state based on the military pay scale for legal officers. In case of desertion, for desertions of seven days or fewer the deserter's service period will be extended fivefold; for desertion of eight days or more the punishment is to be drafted into active service.

{bold}Measure Related to Reservist Call-Up

Those who were listed for active service as the result of physical exams for the draft before 1993 but not called up in 1994 for various reasons — including the applications for change in their listed status which they submitted in 1994, and their return home for family reasons — will be, under the new system, required to serve for 18 months as public-interest personnel. This action is for keeping balance with the existing provisions stipulating that those who had taken physical exams for conscription before 1993 and were listed as objects for defense call-ups but who were not called up by the end of 1994 shall be called up and put in service as public-interest service personnel for 18 months.

Improvement in Draft Administration

Measures have been taken to improve draft administration on all fronts in respect for realistic needs, with a view to enhancing administrative efficiency and being more convenient for the people, as well as to thoroughly prevent irregularities in draft business. Major improvements are as follows:

Previously, the active-service manpower resources control was conducted at the points of legal residence, while the reservist manpower control was done based on present address. Under the new system, however, the manpower resources control in both cases is conducted at the points of present address. In the past, the audio response system (ARS) dealing with civil petitions concerning draft business was available only in the Seoul, Pusan, Kwangju, and Suwon areas. Beginning in 1995, however, it has been made available in the Taegu, Taejon, Chunchon, Chongju, and Chonju areas, too, to contribute to administrative efficiency as well as the public's conveniences.

At the same time, measures have been taken to put draft administration on a scientific basis and promote its specialization. To that end, additional equipment has been secured for physical and pathological examinations (four kinds, including urinalysis) and medical specialists have been acquired through consultations with departments concerned.

Improvements in Morale, Welfare Areas

To resolve difficulties in military manpower management resulting from the unique nature of the services, including the substandard work environment, and to stir up the generally stagnant military morale, the well-being of military personnel will be improved to levels equivalent to those of the general public on a year-by-year basis.

{bold}Improvements in Meals, Clothing, Other Issues

The spending for basic military provisions, which is lower than the average social level, has been increased from the current 65 percent of the private-sector level to 71 percent. In particular, the supper menu has been improved to include four, rather than three, side dishes.

Also, the quality of clothing has been improved to equal the level of medium-grade materials available on the open market, while the supply of daily necessities—such as underwear, toothpaste, and toothbrushes—has been improved to more practical levels.

{bold}Improvement in Housing Conditions

To modernize basic, essential facilities at military barracks such as quarters, toilets and baths, 91 percent of the listed targets will be completed in 1995, and the remaining in 1996.

At the same time, military hospital facilities will be modernized to the levels of state and public hospitals (three hospitals will be modernized in 1995). Gym and other recreational facilities are being built (nine such facilities to be built in 1995). Also, for stable availability of quarters for commissioned and noncommissioned officers, military housing for 2,601 families will be built or purchased in 1995, and bachelor quarters with a total floor space of 57,000 square meters will be built (the rate of availability will rise to 84 percent).

{bold}Improvements in Pay

To prevent the drain of superior manpower and raise morale, special duty allowances—including a warship duty allowance, flying allowance, hazardous duty allowance, and a special location assignment allowance—have been raised by 10 to 50 percent. In particular, to improve the treatment of noncoms, who play a pivotal role in the military, their monthly special incentive allowance has been increased from 70,000 to 80,000 won, and the salaries for cadets and noncom candidates have been increased by 25 percent.

These improvements in the benefits and pay for personnel, although gradual, are expected to contribute to lifting their morale and preventing the drain of superior manpower.

Improvement in Munitions, Procurement Business

To eliminate irregularities as unveiled by the audit and inspection of the Yulgok and other arms procurement programs, and to ensure effective operations of the military budget, the Defense System Improvement Committee has prepared plans to improve military procurement activities across the board. Thus, the Munitions Headquarters was reorganized as the Procurement Headquarters to strengthen its executive function and boost its accountability and promptness. Also, regulations governing military procurement activities were improved overall, including the operating rules concerning foreign procurement, the military contractors registration regulations, the procurement regulations, the standardization rules, the quality certification rules, and the supplies cataloging rules.

In particular, it was decided to convert the standards and specifications of military supplies to those of commercial goods and expand competitive contract procurement for them on a year-by-year basis (65 items to be converted in 1995, and 31 items in 1996) so as to enhance rationality, efficiency, and transparency of procurement business.

Rectification of Private Land under Military Use

At an early date the MND will buy up and compensate for the private land that has been occupied and used by the military without compensation, thus guaranteeing the exercise of citizens' property rights. To that end, prior arrangements will be made to designate the user of the land as the party responsible for paying compensation, thus establishing the responsibility for compensation. Land under nonessential use will be returned to owners at an early date.

Especially, laws and regulations governing the special account for the custody of state property were revised to enable funds from sales of unused military land to be used for purchasing private land currently occupied by the military. Thus, 3 billion won was paid in FY 1994 to buy up 140,000 pyong from the private owners; the plan is to spend 30.2 billion won in FY 1995 to purchase additional 820,000 pyong.

Action will be taken under on a year-by-year basis for the remaining 9.72 million pyong that have not yet been compensated for. In this connection, efforts will be made to expedite the compensation as much as possible by further revising pertinent laws and regulations, promoting administrative service for the people in a practical sense.

Preventing Shoddy Jobs in Military Construction

The MND, in positive response to the government's will to eradicate shoddy jobs in all construction, took measures to prevent contractors from cutting corners in constructing military installations and is implementing them vigorously.

Among other things, the MND restricts access to military contracts for firms previously involved in cases of prearranged bidding. Also, it will tighten screening systems on bids and bidders to improve the quality of construction of military installations.

To that end, the MND will put in place new institutional devices by assigning "work quality appraisal teams"—made up of specialists and working-level officials—to construction sites and creating a "special control agency" to tighten design reviews. At the same time, it will establish and implement medium- and long-term development programs to open the way for authorities to reexamine the entire course of military construction projects from designing to after-care and bring about substantial improvement in the qualitative standard of military construction.

Joint Industry-University-Research Institute System

The MND is operating research centers specializing in defense science and technology [S&T] for intensive development of basic technologies for future private and military use and for utilization of potential superior capabilities available at universities.

Leading the way, such centers were first opened last December at Seoul National University, the Korea Advanced Institute of Science and Technology, and the Pohang Institute of Technology. The centers focus on special research in the areas of automatic control, electron optics, and electromagnetic waves, laying the foundations for revitalized technology developments for both private and military use under a joint research system of industries, universities and research institutes.

Also, beginning in 1997, the MND will open additional centers for specific research programs (seven or eight more centers) based on management techniques obtained from operations of those three model centers.

It is expected that the operation of the special defense S&T research centers will—through a concerted push with defense research and development [R&D] programs and national S&T programs—eventually lead to expanded involvement of superior S&T manpower with programs in the defense science area, not to mention stepped-up technology developments for both private and military use.

Military Activities for Environmental Preservation

To systematically push forward environmental control work, the MND will create necessary organizations within the first half of fiscal 1995; it will build sewage and waste water treatment plants with priority going to units stationed in protected water-resource areas, and approximately 95 percent of those areas will have the legally-required water purification facilities by the end of fiscal 1995.

For curbing air pollution, the MND will continue to expand facilities to draw in city gas to units stationed in urban areas. Thus, beginning in 1995, approximately over 70 percent of units will be using clean fuel. Facilities to prevent boiler-caused air pollution will also be expanded on a year-by-year basis, in a program to be completed by the year 2000.

Based on the "quantity-based garbage control system" put into effect nationwide effective January 1995, the MND plans to increase in stages its resources recycling rate from the current 19 percent. Meanwhile, it has installed and is operating legally required incinerators at 16 places to safely handle waste, and plans to install additional ones in 11 more places in FY 1995.

Also, for effective ecological preservation in areas where military units are stationed, the MND Headquarters joined the "Greenscout Movement" in January. Thus, the MND is stepping up nature protection movements in cooperation with private environmentalist groups including the "Protect Tributaries From Pollution Movement" and the "Keep Our Mountains and Rivers Clean Movement."

Shift to System Facilitating Exercise of Peacetime Operational Control

The peacetime operational control over the ROK Forces [ROKF] has been returned to the ROKF by the Combined Forces Command [CFC] for the first time since operational control was turned over 44 years ago to the commander in chief of the UN Command, General MacArthur, by then-President Syngman Rhee.

In the past, the CFC commander exercised operational control over the ROKF in peacetime as well as wartime. Under the new arrangement, however, it is exercised by the chairman of the joint chiefs of staff in peacetime, and by the CFC commander in wartime.

Consequently, day-to-day operational activities previously conducted under the CFC commander's operational control, such as peacetime security duties and naval and air force patrol activities, are under the new arrangements performed under the operational control exercised by the JCS. However, in order for the CFC to be able to maintain consistency in peacetime and wartime, the JCS will maintain the identical standards in its referencing and reporting.

Furthermore, with respect to operational decisions made previously by the JCS in coordination with the CFC, such as those relating to boosting military preparedness, conducting joint tactical training, maintaining and inspecting combat readiness, and the moves of operational units, the JCS now has independent control over them and is no longer required to coordinate with the CFC in advance. Especially, in cases where a Korean fleet has military exchanges with a third country or breaks way from the CFC operational zone to engage in maritime support or fishing protection activities, the JCS is no longer required to take a separate, prior action requesting the CFC's cooperation; also, in cases of violation of our territorial space by third-country aircraft or warships, the JCS now has the authority to deal with the situation independently.

Thus, our country has gained an opportunity not only to enhance its status and national pride as an internationally independent nation but to strengthen our position in North-South military talks as well.

Improved Educational Systems

There have been improvements with education-related systems in seven areas, including the Army and Air Force officer training courses and the moral education system at state-designated institutes. Among them are the revised law governing the inauguration of short-term military academies, the creation of a military science graduate school, and development of technological manpower training for national purposes. Details of improvement in those three areas follow:

{bold}Revised Law on Inaugurating Short-Term Academies

The decision to revise the short-term military academies inauguration law was aimed at meeting growing demands for special technological manpower to satisfy the needs of technology-intensive units of the 2000's, and at acquiring officers for medium- and long-term services on a stable basis.

Prior to the revision, the system had been divided into two separate training courses—one designed to select from among junior college graduates and commission them after 20 weeks of military training, and the other to allow them to reenter academies for a two-year course for bachelor's degree during the long-term support period lasting three to four years. Under the revised system, which has unified the two courses, those selected from among qualified applicants—those who finished two years of university courses, who are junior college graduates, or who are certified to have equivalent or higher scholastic attainments—are put through a two-year course for a bachelor's degree upon completion. Thus, the foundations have been laid for S&T-based forces in which army officers are all B.A. degree holders.

{bold}Opening a Military S&T Graduate School

A master's course has been created to train specialists in military S&T to prepare for structural changes toward S&T-oriented forces while leading preparations for future scientific warfare.

This graduate school maintains its headquarters in the Military Academy. Of its six majors, in weapons engineering, electronic communications engineering, earth sciences, and material engineering majors receive instruction at the Military Academy; ocean engineering majors go to the Naval Academy, and aerospace engineering majors go to the Air Force Academy. The total number of students to be admitted is approximately 60 and the instructions begin in fiscal 1995.

The fact that this graduate school has been set up in the Military Academy makes it possible to train a multitude of human resources at relatively low cost, and to assign them to research, technical, administrative or educational posts upon their graduation, on the basis of the right man in the right place. This will contribute greatly to the effective use of defense budget funds.

{bold}Training Technological Manpower for National Purposes

The state examination system for technical qualifications has been improved to meet the needs for science-oriented forces and for structural change toward technology-based forces. At the same time it will improve military technological levels to promote a buildup of war potential and be part of the programs to have personnel involved protect the nation's industries in time of emergency and contribute to industrial development after their retirement. The improved system focuses on increasing the opportunity for technological education and for technical qualifications while in the military service.

Major changes include lifting the restriction on the number of applicants for the state's technical qualifying exam (250 or less per division). Under the new system, all who want to take the exam are allowed to do so as long as does not hinder to their performance of basic duties. Also, although military applicants had access to 194 of the 733 items of qualification on the list before the revision, they now have access to 272.

The revision is expected to lead to further development of military- industrial technological ties, thereby greatly contributing to war potential of the military as well as to the nation's industrial developments.

Conclusion

In respect to the future direction of the defense administration, the MND will, in principle, give priority to promoting the people's interests and take bold steps to correct irrational systems and practices, thereby promoting rationality and efficiency. With defense policies that have been considered virtual sacred, the scope will be expanded as much as possible so long as the openness causes no damage to the national interests. Through these and other reforms made in every aspect of the defense administration on a constant basis, the MND will continue to enhance its transparency and rationality.

At the same time, the MND will strive to elevate the military's consciousness and systems onto advanced levels and, through it, carry out the globalization of national defense, not to mention strive to increase efficiency of defense resources. Further, it will do its utmost to build forces that can back up the attainment of the reunification cause and the protection of national interests in the vortex of the rapidly changing international environment.

Opposition Braces for Anti-Corruption Drive

Prosecutors Deny Partisanship

SK0109035195 Seoul THE KOREA HERALD in English 1 Sep 95 p 2

[FBIS Transcribed Text] Opposition political parties are bracing up for what they suspect may be a second wave of law enforcement by President Kim Yong-sam's administration against corruption.

Their apprehension that they may be targeted this time has been triggered by a recent series of investigations, summons and arrests by the prosecution.

The prosecution summoned a senior opposition lawmaker yesterday morning to question him on charges of accepting bribes. It is also investigating other bribe cases and alleged violations of the election law during the June local elections.

While maintaining it is taking routine legal action in response to complaints, petitions and intelligence it has gathered, the prosecution denies that it is targeting anyone in particular.

But opposition parties say that the prosecution's action reminds them of an anticorruption drive which President Kim initiated shortly after he took office in 1993.

Scores of ranking administration officials and lawmakers, some of them President Kim's foes, were forced out of their posts or sent to prison.

The National Congress for New Politics, an opposition party whose inauguration is scheduled for Sept. 5, does not buy at face value the explanation by the prosecution that it is routinely enforcing the law.

Pak Chi-won, spokesman of the new opposition party led by Kim Tae-chung, claimed yesterday that President Kim's administration is trying to smear the party's image with less than a week left until its inauguration.

Another opposition party, the United Liberal Democrats, suspects the series of legal action by the prosecution is part of President Kim's strategy of restructuring the political community to his advantage.

An Sung-yol, spokesman of the party, said, "We suspect the administration and the ruling party are borrowing the prosecution's power to engineer a political realignment at their own discretion."

The United Liberal Democrats, he said, hopes that the ruling camp will give top priority to national security and social stability instead of trying to get even with opposition parties, which won stunning victories in the June local elections.

The opposition Democratic Party is also worried about the possibility of being engulfed by the wave of law enforcement against corruption.

"Basically, we support action against corruption," said Pak Il, one of the two party cochairmen. "But I don't think it is wise of the prosecution to take action at this time and in the way it does."

In contrast with the opposition parties' reaction, the ruling Democratic Liberal Party supports the prosecution's action.

It denies it has exercised influence on the prosecution to take action against opposition lawmakers suspected of taking bribes.

"You don't have to draw political implications (from the prosecution's action)," said Rep. Kang Sam-chae, ruling party secretary-general. "Investigations by the prosecution are no longer used as a means of suppressing opposition parties, unlike in the 1960s and the 1970s."

He also defended the prosecution's investigations into alleged violations of the election law during the June local elections.

"Political reforms should start with election reforms," Kang said. "Law breakers are not absolved of their crimes just because they are elected."

It is the National Congress for New Politics that is feeling the pinch most acutely among the three opposition parties.

The prosecution summoned Rep. Choe Nak-to of the National Congress for New Politics yesterday morning for questioning on charges of taking tens of millions of won from a paper manufacturer in return for arranging loans from a bank.

Rumor has it that two other opposition lawmakers the prosecution is probing on suspicion of taking bribes are affiliated with the National Congress for New Politics.

The prosecution is also investigating an allegation that some members of the Board of Education in Seoul made contributions to the Kim Tae-chung Peace Foundation for the Asia-Pacific Region in return for the foundation's support for their election.

The foundation, which has served as a springboard for Kim Tae-chung to create his own party, maintained it has made no shady deals with its contributors.

Pak Chi-won, opposition party spokesman, called on President Kim to stop what he called is an attempt to hamper the opposition party's official launching next week. Otherwise, Pak said, his party will take appropriate action against President Kim's administration.

NCNP Responds

SK0109061195 Seoul YONHAP in English
0459 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — The National Congress for New Politics (NCNP) decided Friday to form an "Emergency Committee To Cope With the Suppression of the Opposition Party," after terming the prosecution's investigation into the opposition camp a "target investigation" designed to hinder the inauguration of the NCNP.

The new party's reaction came shortly after the prosecution Friday sought an arrest warrant for Rep. Choe Nak-to (NCNP) and questioned the supporters committee of the peace foundation for the Asia Pacific region, led by Chairman of the Preparatory Committee to Found the NCNP, Kim Tae-chung.

The NCNP decided it will fight against the government and the ruling Democratic Liberal Party (DLP) and said it will file a complaint against former Government Administration Minister So Sok-chae on charges he violated a law governing laywers and that he committed perjury. So recently created a stir in the political world by arguing that a former president created a 400 billion won political slush fund.

At the preparatory meeting presided over by Chairman Kim Tae-chung Friday morning, the new party also decided to probe into the allegations that former lawmaker Yi Won-choe and former Finance Minister Yi Yong-man may have created an enormous political slush fund and to disclose the results of the probe.

NCNP spokesman Pak Chae-won said, "The prosecution's summoning of Rep. Choe and its investigation into the supporters' committee of the peace foundation is an attmept to suppress our party, hindering it from holding an inauguration rally on Sept. 5.

"We will not idly watch the current regime but struggle directly and totally against the government and the ruling party."

The prosecution summoned Rep. Choe Thursday for questioning in regards to charges he allegedly accepted tens of millions of won from a local businessman in return for arranging two billion won in bank loans for the businessman's firm in September last year.

KHIC Says No Nuclear Plans With KAERI

SK0109090495 Seoul YONHAP in English
0705 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — President of the Korea Heavy Industries and Construction Co. (KHIC) announced Friday that his company never agreed with the Korea Atomic Energy Research Institute (KAERI) to set up a joint nuclear technology company specializing in the design of nuclear power plants with KAERI holding 51 percent of the total share.

Dismissing as groundless the announcement made Thursday by KAERI President Sin Chae-in that the two companies agreed to establish such a company, Yi Su-kang of KHIC said that he has never been contacted by KAERI regarding the establishment of a firm specializing in the design of nuclear power plants.

"The job of launching a firm specializing in the design of nuclear power plants belongs to relevant government ministries, including the Ministries of Science and Technology and Trade, Industry and Energy," Yi said.

However, he added, "We have contemplated over the idea of launching a firm specializing in the design of nuclear power plants after conflicts arose between KAERI and the Korea Electric Power Corp. (KEPCO) over the hegemony for the design of nuclear reactors to be provided to North Korea."

Meanwhile, KAERI President Sin announced on Thursday that his company and KHIC agreed on the establishment of a firm specializing in the design of nuclear power plants with a paid-in capital of 10 billion won.

The firm will have the capacity to design nuclear steam supply systems, which are currently handled by KAERI, and the ability to design parts of nuclear plants, which is currently what KHIC does, Sin said.

KEPCO was excluded from the nuclear design firm envisaged by the KAERI president, although KEPCO has the ability to design nuclear power plants.

Ministry Drafts Law Banning Chemical Weapons

SK0109031995 Seoul YONHAP in English 0150 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — The Foreign Ministry Friday announced that it has drawn up a draft law that bans the production and export of chemical weapons in an effort to implement the Chemical Weapons Convention (CWC) agreement which the country signed in 1993, Foreign Ministry spokesman So Tae-won said.

The draft law will be presented to the National Assembly for final approval after being examined at a cabinet meeting, So said.

The convention will take effect six months after 65 member countries complete their respective ratification processes. Currently, 35 nations have ratified the agreement.

The ministry expects the convention will take effect during the latter half of 1996 at the latest.

Market Opening Said Distorted by Outside Forces

SK0109040195 Seoul THE KOREA HERALD in English 1 Sep 95 p 8

[FBIS Transcribed Text] Korea's market opening has been greatly influenced by the political economy both at home and abroad, such as the domestic interest groups' adherence to vested interests and undue U.S. pressure, a local economist said.

This worked to distort the Korean Government's policy principle in market opening, said Cha Sung-hui, a senior researcher at the Korea Development Institute (KDI).

"Therefore, the most important thing in pursuing future economic liberalization is to exclude such political economic influence," Cha said in a recent study.

As to why he termed the market opening as politically influenced, Cha cited the relatively low rate of import liberalization for monopolized commodities.

The KDI research fellow also said that the U.S. pressure to pry open the Korean market, which he saw as being influenced by America's interest groups, served to distort the basic principle of Seoul's policy in this area.

"Both the strong objection to the market opening by domestic interest groups and the excessive external pressure have combined to force the government to abandon or distort its ultimate policy aim in seeking the economic liberalization — the increase of overall welfare," Cha said.

In his analysis on the financial and capital market opening, the researcher at the government think tank said that Seoul has restricted or facilitated the capital movement in and outside of the country, according to its demand for foreign capital, domestic monetary control and the effect on the export competitiveness.

Such policy, however, has more often than not made the capital flow in conflicting ways with macroeconomic principle based on interest rate differences between at home and abroad and changing foreign exchange rates, he said.

"Neither has such artificial control of capital flow succeeded in controlling the capital flow as it was intended by the government's policy direction," Cha said.

He evaluated Korea's liberalization of financial transaction as greater than that of Taiwan but lower than in Japan.

For the genuine and harmonious liberalization of financial industry, he noted that the three major sectors — financial service, foreign exchange and capital transaction — should be opened "as a package." Cha stressed in this regard the need for indirect monetary control, reinvigorating short-term financial market and effective and productive use of foreign capital.

In order for Korea to promote itself as a regional financial center, Cha said that the government should facilitate various financial liberalization, which he said will naturally make the nation the financial hub congruous with its overall economic power rather than trying to make it an international tax haven that attempts to attract foreign money only by providing various financial and taxational favors.

"This also would be impossible unless accompanied by corresponding domestic reform such as fair competition, consumer-oriented policy and private-led economic operation," Cha concluded.

Consumer Prices Rise at Lowest Rate in 9 Years

SK0109032895 Seoul YONHAP in English 0129 GMT 1 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 1 (YONHAP) — The increase rate of consumer prices last month dropped to its lowest point in 9 years, indicating a continued stabilization of commodity prices, the national statistical office and the Bank of Korea said Friday.

Despite recent conditions which have raised prices, including torrential rainfalls, consumer prices in August only rose 0.5 percent over July's figure, or 3.5 percent over the same month last year — the lowest increase since August 1986 when the price rose 2.7 percent.

Consumer prices have increased 3.9 percent during the period between January and August this year, the lowest price increase recorded since the 3.8-percent rise during the same period in 1989.

The Bank of Korea said that at one point the price of vegetables like cabbage soared due to damage which resulted from the recent torrential rains, but noted that the ample supply of vegetables will cause prices to drop again.

Wholesale prices rose a mere 0.1 percent in August from the previous month, or 4.6 percent from the same month in 1994, due to a decrease in the international price of raw materials. The price has risen 3.7 percent in the first eight months of this year.

Burma

Khin Nyunt Addresses New Mon State Leaders

BK3108071895 Rangoon TV Myanmar Network in Burmese 1330 GMT 30 Aug 95

[FBIS Translated Excerpt] A coordination meeting of ethnic leaders and members of the Work Committee for Development of Border Areas and National Races [WCDBANR] was held at 1330 today in the conference hall of the Ministry for Progress of Border Areas and National Races and Development Affairs to discuss regional development in Mon State. Lieutenant General Khin Nyunt, chairman of the WCDBANR and secretary-1 of the State Law and Order Restoration Council [SLORC], attended and addressed the meeting.

Attending the meeting were: Lt. Gen. Tin U, deputy chairman of the WCDBANR; Lt. Gen. Maung Thint, minister for progress of border areas and national races and development affairs; ministers; responsible officials; ethnic leaders led by Nai Shwe Kyin; and peace mediators.

Addressing the meeting, Khin Nyunt explained that today's meeting between ministers, deputy ministers, senior departmental officials, and ethnic leaders led by Nai Shwe Kyin was being held to coordinate matters relating to immediate and long-term projects for the development of Mon State. He said the evil system of the colonialists, which used the divide and rule method, bred distrust among the national fraternal people. He said Burma's development had lagged behind because of the armed insurgency, which was born of mistrust.

Khin Nyunt explained that, since assuming state responsibilities, the SLORC has been giving priority to: stability and peace in the nation, prevalence of law and order, the termination of armed conflict—the result of the colonialists' evil system of divide and rule; and the achievement of national reconsolidation. The Central Committee for Development of Border Areas and National Races, headed by SLORC Chairman General Than Shwe, has formed the work committee, subcommittees, and regional committees in the states and divisions to attend to development of border areas and national races.

He said the government proposed development projects for the fraternal national people even before peace was achieved and strove for mutual understanding and trust among the fraternal people. As a result of these efforts, armed organizations from the jungle began to realize the genuine goodwill and work of the government, and they have been returning to the legal fold. The New Mon State Party [NMSP] is the 15th organization to return to the legal fold. He said that there are some organizations that do not desire peace and want to undermine national interests, although the efforts of the SLORC to achieve national reconsolidation were warmly welcomed by the people. These organizations are making false allegations based on unfounded news to destroy the solidarity of the union and national unity. [passage omitted on SLORC's efforts for peace]

Continuing, Khin Nyunt said the national government has spent 2.2 billion kyat and U.S. $300 million for development of states and divisions, including remote border areas. He said that new roads, bridges, and railway lines are being built, airports are being expanded, and new planes are being added to the air service because infrastructure is most important for regional development. [passage omitted on importance of development for national unity]

Khin Nyunt explained that the government included development projects in the original blueprint in case the NMSP returned to the legal fold. He called upon the ministers, deputy ministers, and senior departmental officials present at the meeting to explain their respective department's plan for regional development. He said the government would also work for regional development according to the set priority and budget allocation. He said our objectives are being realized successfully due to mutual understanding and sincerity among the national people and that the resulting peace should be upheld with mutual trust. No matter how many allegations are made by resentful elements, we will continue to strive to cooperate to realize our objectives.

He said we must strive to establish a new, prosperous, and modern state—which is one of the proclaimed political, social, and economic objectives. He said the national government, ethnic leaders, and all national people are to cooperate to realize this set goal no matter how much external influences interfere. He said efforts are to be made for the development of the entire Mon State in striving for the emergence of a prosperous and modern nation, of which the Mon State is a part. He called upon those present at the meeting to coordinate their work cordially and frankly.

Ethnic leader Nai Shwe Kyin spoke next, saying that he had come to the meeting with the objective of achieving lasting peace in the nation, emergence of a modern and prosperous state, and reestablishment of solidarity and friendship. He said solidarity and unity of all national people are crucial, as our country is a union composed of various national people. Therefore, he said, we should live in unity through weal and woe. [passage omitted on establishment of modern state]

He said the NMSP would work hand in hand with the SLORC to ensure perpetuation of the union, national sovereignty, and the establishment of a modern and prosperous state.

The ethnic leaders discussed economic enterprises next—deep sea fishing, shrimp farming, transport industry, development of virgin land for agriculture, production of salt using solar power, marble, and minerals, and tourism—the infrastructure needed for development work, agriculture, education, health, and social affairs. [passage omitted on meeting procedures and speech by secretary-2 Lt. Gen. Tin U and closing remarks by Lt. Gen. Khin Nyunt]

SLORC Said Sowing Dissent Among Karennis

BK0109060895 Bangkok THE NATION in English 1 Sep 95 p A10

[Report by Burslem and Aung Zaw]

[FBIS Transcribed Text] Rangoon's military is once again playing the religious card in an effort to divide and undermine one of the last ethnic armies still actively fighting its rule, according to officials from the besieged Karenni National Progressive Party (KNPP).

Abel Tweed, foreign affairs minister for the KNPP, said the central government had co-opted the influential Bishop of Loikaw, the religious leader of Karenni-dominated Kayah state, into becoming a "medium" for Rangoon's message that the rebels should lay down their weapons and return to the "legal fold".

KNPP officials said they feared that Rangoon was seeking to re-create the kind of dissension among its followers that led to the demise of another ethnic group, the Karen National Union, earlier this year.

The Burmese military has been accused of orchestrating a mutiny by Buddhist foot-soldiers against the Baptist leadership of the KNU. The revolt led to the fall of the rebel group's largest bases along the Thai-border Burma and to the end of the KNU as a legitimate military force.

"Unlike the Karens we are all of the same religion," Tweed said.

"But if this continues it could get serious in the future with the Catholics divided into two parts, one part pro-bishop and the others against him."

Rev Edward Evans, a Catholic scholar who recently visited Kayah state said the Bishop had been placed between the "hammer and the anvil."

"He was weak although you can't fault him. His people are suffering and he wants to help them.

"The Karenni are very devout. They will listen to him for everything. But now he has gone too far... he has placed himself in SLORC's [State Law and Order Restoration Council] hands," he said referring to the State Law and Order Restoration Council, the official name of Burma's ruling junta.

Karenni and Catholic sources say the KNPP's troubles with the Bishop began last year when he approached SLORC strongman Khin Nyunt for relief from a campaign of military persecution.

In addition to the usual litany of Burmese army abuses that have been documented by human rights groups such as the rounding up of young men and children for portering, forced labour, the theft of crops, and dislocation of villages, the Rangoon military in Kayah state had, according to the Karennis, rounded up villages in three concentration camps and been carrying out a systematic campaign to crush the Catholic religion. Priests and nuns were arrested and harassed, Karenni cemeteries and religious sites desecrated and destroyed.

Catholics and Karennis said Khin Nyunt stepped in to order the release of a priest who had been arrested on a charge of aiding communist rebels.

In return he asked the Bishop to act as a go-between for Rangoon in its dealings with the Karennis.

Since then, the Bishop has made 10 trips to see the KNPP leadership who are based along the Thai-Burmese border and addressed refugee camps as an advocate of Rangoon's peace plan.

In fact, the Karenni are one of 15 ethnic groups that have already reached ceasefire agreements with the Burmese government. But fighting resumed between government soldiers and Karenni troops within three months of the ceasefire ceremony on Mar 22 this year.

Since June 14, KNPP officials estimate Rangoon has moved more than 4,000 troops into Kayah state in a bid to crush their four-decade old insurgency.

Thai military and other observers suggested that the cause of the fighting had more to do with the lucrative trade in teak across the Thai-Burma border than politics.

Tweed conceded that timber was a factor in the fighting but denied it was the main cause.

"It's not because of the logs but because we are a threat to the three principles," he said referring to SLORC's stated aims of preventing the break up of the country.

Raymond Htoo, KNPP secretary general, said the news of the ceasefire and its almost immediate repudiation by the Karennis had embarrassed and angered Rangoon.

"It looked bad for them. They said the Karenni have surrendered and returned to the legal fold but the next day we declared we would continue to struggle for our political objectives. They were very angry," he said.

Rangoon's official reasons for launching the rainy season offensive against the Karennis were threefold: a/ that they needed to protect the national logging trade from bandits and Thais; b/ the military needed access through Kayah state for their offensive against Shan warlord Khun Sa in the north; and c/ they needed to secure strategic points along the border with Thailand should relations with Thailand further deteriorate as a result of the Thai national election in July.

The KNPP claims that more than 300 Burmese soldiers have been wounded in the fighting as a result of guerrilla attacks, landmines and disease. They did not have a figure for fatalities. The guerrilla group reported six Karenni deaths and eight wounded.

Independent sources doubted the casualty tolls were as high as those claimed by the KNPP.

"The SLORC troops are close and here in force but there are not a lot of people getting killed," said a guerrilla with the All Burma Students Democratic Front which holds a mountain-top base near the Thai border.

"You can hear the Burmese at night, shouting and shooting at random and sometimes tripping a land mine," the student guerrilla said.

"They are firing mortars into the mountains but they are only hitting trees," he said.

Raymond Htoo said the Burmese objectives were the remaining two border passes controlled by the KNPP. Asked what the KNPP would do to finance their struggle for autonomy should the passes fall, he shrugged his shoulders and replied, "I don't know."

Student dissidents said heavy rain and the harsh mountainous jungle conditions had blunted the Burmese offensive but predicted fighting would intensify once the wet season had passed.

Tweed said the KNPP would continue their fight for independence and if that could not be achieved then they would settle for autonomy.

"But let's take it to the table, not the battlefield," he said.

The foreign minister said the KNPP had not been in contact with Rangoon since they received a letter from Khin Nyunt setting an August 13 deadline for the guerrillas to halt their hostilities. Other dissident sources, however, said that a senior KNPP intelligence officer had been in Rangoon since March and the two sides were talking.

Tweed said he was not optimistic an agreement could be reached.

"They just want to wipe us out", he said and warned that the situation could get critical next year because the Burmese authorities had refused to release irrigation water from the Loikaw dam for this year's rice planting.

"They are planning to flood the area in November during harvest time and wipe out what crops have been grown," he said.

"People are very afraid that next year they will be starving."

Brunei, Malaysia & Singapore

Mahathir Supports NATO Bosnia Attack

BK0109083095 Kuala Lumpur Voice of Malaysia in English 0800 GMT 1 Sep 95

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed says NATO should continue to launch air raids on Serb positions in Bosnia so that the Serbs are not arrogant with their military power. He said the raids should be carried out if the Serbs continue to reject any peace proposal. Datuk Sri Dr. Mahathir said this in Kuala Lumpur, when asked by reporters to comment on NATO air strikes on Serb positions since Wednesday.

[Hong Kong AFP in English at 0737 GMT on 1 September adds: "Muslim countries will push ahead with a meeting here next month to discuss a common stand on Bosnia despite the recent NATO air strikes against Bosnian Serbs, officials said Friday.

"Malaysian Foreign Minister Abdullah Ahmad Badawi said the meeting of the Organisation of the Islamic Conference (OIC), whose members have repeatedly demanded UN military action against the Serbs, would take place as scheduled.

"'We have planned such a meeting and we are not at the moment going to change our plans,' Abdullah said.

"The talks were mooted as Muslim countries grew increasingly frustrated with the UN's ineffectiveness in protecting designated 'safe areas' in Bosnia.

"The OIC has also declared the international arms embargo on Bosnia invalid and threatened to sell arms to Bosnian government forces."]

Commentary Urges Bombing on Bosnian Serbs

BK0109101295 Kuala Lumpur THE STAR in English 1 Sep 95

[Commentary by V.K. Chin — received via Internet]

[FBIS Transcribed Text] The North Atlantic Treaty Organisation has finally decided to move against the Bosnian Serbs for continuing to defy the United Nations' order to leave the safe areas in Bosnia Herzegovina alone.

Nato has bombed Serbian military targets surrounding the besieged capital of Sarajevo for the killing of 37 civilians and wounding scores more in a mortar bomb attack on Monday.

The strike has been described as the most intense effort by the Nato since fighting broke out between the Serbs and Bosnians some 40 months ago. The European powers involved must continue to attack these military targets to deter the Serbs from further aggressive actions against Bosnian civilians.

While the Nato strikes are welcomed, they were long overdue. More lives could have been saved if the UN secretary-general and his officials on the ground had called for Nato retaliation earlier.

The reluctance of these officials to act had sent the wrong signals to the Serbs who believed that they could get away with such aggressive acts. Some action should be taken against these officials for dereliction of duty which encouraged the Serbs for complicity to massacre, rape and plunder the Bosnian civilians.

For reasons known only to themselves these officials had not sanctioned Nato air attacks against the aggressors thus allowing more innocent Bosnians to be murdered and killed.

To be really effective, the Nato planes must continue with their sorties to really punish the Serbs for their defiance of world opinion. In the past, they had made similar attacks on the so-called 'safe' areas which come under UN protection without being punished.

They carried out their wanton attacks and then stopped. Just because it was a one-off thing, the UN officials did not call for air strikes believing that they could reason with the Serb terrorists.

So the Nato planes must keep on pounding the Serb military positions so that these aggressors with the intention of destroying such weapons and to get the Serbs to leave these havens alone until a peace accord could be negotiated.

The latest Nato attack will show that the world means business and that the Serbs will have to pay dearly for their misdeeds. This is the only message violent and brutal people will understand.

It will therefore be a grave mistake if Nato should ground its planes as the job is obviously only half-finished. They must go all out so that the Serbs will have no choice but to agree to the Western peace proposals.

If the UN and Nato should leave the job half completed, then it is not going to do the Bosnians any good. At the same time, the arms embargo will have to be lifted so that the Bosnians will have a fighting chance to protect their country and citizens from further aggression.

There is little doubt that the Serbs will cease their hostile activities for the time being and wait for another opportunity to strike out at their opponents.

However, there is little likelihood that Britain will support the lifting of the arms embargo. It is likely too that the Nato military action is a compromise for keeping the embargo. They obviously regard the bombing as the lesser of two evils in the Bosnian dispute.

Japan Urged To Liberalize Trade

BK0109074795 Kuala Lumpur NEW STRAITS TIMES in English 29 Aug 95 p 28

[Report by Manan Osman]

[FBIS Transcribed Text] Malaysia is facing an uphill task to attain balanced trade with Japan as growth is skewed heavily in Japan's favour.

Deputy Minister of International Trade and Industry Kerk Choo Ting said Malaysia hoped the Japanese Government would liberalise and open up its market to ensure balanced trade.

He said although trade between the two countries had been on an upward trend since 1989, the growth was not balanced. Malaysia's trade deficit with Japan increased from [Malaysian ringgit] RM3.8 billion in 1989 to RM23.27 billion last year.

Between January and April alone, Malaysia's trade deficit with Japan has reached RM8.6 billion, he added.

However, he said Japan remained an important export market for Malaysia.

Last year, Japan was Malaysia's third largest market importing goods worth RM18.3 billion, or 12 per cent of Malaysia's total exports.

Speaking at the opening of the international seminar on "How to access the Japanese market", at the Legend Hotel in Kuala Lumpur yesterday, Kerk said this was however, far short of Malaysia's imports from Japan which stood at RM41.6 billion.

Kerk said the deficit gap could be narrowed over time if the Japanese Government liberalised and opened up its market.

At the same time, he said, Malaysian exporters should embark on more aggressive promotional efforts to penetrate the Japanese market.

He said exporters should focus their efforts in promoting exports in East Asia in view of the fact that it has become the engine of growth for the world economy.

He said six major Asian exporters—Malaysia, Singapore, Thailand, Taiwan South Korea and Hong Kong—registered a combined export growth of 15 per cent last year compared to 9.5 per cent registered by North America; nine percent by the European Union; 10.5 per cent by Latin America, and 10 per cent by Asia as a whole.

He said the importance of the East Asian region to Malaysia was reflected by its share of the country's trade.

In 1994, Malaysia's trade with East Asian countries amounted to RM172 billion or 56 per cent of Malaysia's global trade.

Speaking to reporters later, Kerk said Malaysia did not expect much change in the trade imbalance scenario for the next few Years in view of the fact that the Japanese market was stringent and restrictive.

In general, he said non-tariff barriers in the form of quarantine laws, complicated and stringent standards, testing, labelling and certification procedures, lack of transparency impeded market access of foreign products in Japan.

He said it would be easier to enter the market through a Japanese partner who already had market access instead of venturing on an individual basis.

Asked whether the withdrawal of Malaysia's GSP status by the United States in 1997, would result in the relocation of factories, he said such a possibility was minimal.

This, he said, was because investors would have to consider numerous factors in the country where they wished to invest like political stability, trainable personnel and transparency of laws, among others, before arriving at such a decision.

He also said that Malaysia and other Asean countries would like to see an effective dismantling of non-tariff barriers by the Japanese Government to truly live up to its commitment to liberalise and open up its market to foreign products.

The five-day seminar is jointly organised by the National Chamber of Commerce and Industry (NCCIM) and prominent Japanese organisations the Pacific Resource Exchange Centre (Prex) and the Kansai Economic Federation (Kankeiren) with the Association for Overseas Technical Scholarship, Japan sponsoring the event.

Lee Kuan Yew Discusses PRC-U.S. Ties

BK3108141995 Singapore THE STRAITS TIMES in English 30 Aug 95 p 26

[Interview with Senior Minister Lee Kuan Yew by unidentified reporters on 29 August; place not given]

[FBIS Transcribed Text] **Could you please give us an insight into your meetings with President Jiang Zemin, Premier Li Peng, and other top Chinese leaders. What issues were discussed during these meetings?**

We discussed the progress made in the Suzhou Industrial Township. We have overcome most of the teething problems. We held a successful seminar in Suzhou from 8-12 August of Singapore and Suzhou top officials, discussing both "small software" or micro-management of the township and "big software" or macro-management and creation of a pro-business competitive approach.

After this breakthrough in mindset, I feel confident that we will create a pro-business climate in the township.

Both the Suzhou and Singapore sides recognise that they need to work as a team for the Suzhou Industrial Park to compete successfully for investments against all the other industrial townships in China, in Vietnam and other developing countries. The other industrial townships in China have lower land prices and lower cost of services.

Therefore the Suzhou Industrial Park must depend, not on low prices, but on high quality of service and of security of water and power supplies, and a supportive business environment.

Was Sino-US relations discussed during your meetings with China's top leaders?

Yes we did. I can only give my impressions because we took no notes as the discussions were during two separate dinners, one with President Jiang Zemin, the other with Premier Li Peng.

The impression was that they considered the main issue to be the position of the US, that they could not rely on the US government to abide by the three US-China joint declarations in which the US accepted that Taiwan was a part of China, and that the US will observe a one-China policy. The Chinese leaders were especially aggrieved that within days of receiving an assurance from the Secretary of State, Warren Christopher, that President Li Teng-hui would not be given a visa to visit America, the policy was reversed.

As they put it, "Yan Bi Xing, Xing Bi Guo" i.e. words must be reliable, and action must bring results.

The two leaders considered Mainland-Taiwan relations an internal matter, or as they put it, a "family matter".

Both Chinese leaders had the feeling that it was US policy to contain China, to block or slow down its economic progress and its growth as a power.

I said I did not think so because, if there was such a policy, then Mr Warren Christopher, the Secretary of State, would have coordinated with the White House and would never have given this assurance that there would be no visit, because it would put him in a bad light. My belief was that there was no settled policy.

I did not believe that the White House would deliberately set out to undercut the Secretary of State, but that President Clinton had acted after both houses of Congress passed resolutions that President Li be allowed to visit.

Moreover such a major policy change would be costly in increased defence expenditure for America and for China, and in economic opportunities foregone by both.

And I believe that under the American system, such a major policy change could not be decided without an extensive debate in the US media and in Congress, as was the case with the containment policy vis-a-vis the Soviet Union.

It would be premature now for China to act on the basis that there was already such a policy. Such a policy would be bad for all Asia.

As I said to Vice-Premier Li Lanqing, for the Suzhou Industrial Park to succeed, relations between the US and China must be stable and the situation across the Taiwan Strait must not be in crisis. He recognised this, but said in certain circumstances China would have to resolve this issue by force.

It would dampen the economic climate for the whole of East Asia. It was better to decide after the next US Presidential elections when further development would have made things clearer.

We understand that you had said that it would take patience and time to resolve the issue. Could you elaborate?

Yes, I don't think that this can be resolved in one or two meetings between Qian Qichen and Warren Christopher. There have to be, for want of a better expression, what I would call confidence building measures.

The problem is a loss of confidence on the Chinese side in any undertaking that the US government has given them. It will need time to reestablish this confidence.

There has been some speculation about whether you might act as a mediator...

The Chinese made it clear that this was a family matter. And family means China the mainland, Taiwan, Hong Kong, Macao. Singapore is not in the family. I have in the past, at the request of one or both sides, conveyed their views to each other, but I have not mediated as such. Any compromise to resolve the difficulties, they have made themselves.

Given the international situation and your talks with the Chinese leaders, what is your assessment of the political and economic prospect of China?

If we grade it as bad, fair, good and excellent, I would put it as somewhere between fair and good. I think both China and US do not want a breakdown in relations, because it will be costly and unpredictable for both. The problem is to restore confidence.

But do you see the US will ever accept that this problem is a family matter?

That I cannot say. It is a matter for the United States President. The United States President is influenced by the US Congress, and the Congress in turn is influenced by the media. So I cannot say what the US position will be. But I find it difficult to see the United States involving itself in a civil war between two Chinese parties.

In 1949, President Truman had cut off military links with Taiwan.

After the Korean War, the US re-established the security links and based troops and aircraft on Taiwan, and made clear that any attack would be repulsed.

As part of President Nixon's normalisation in 1972, the US undertook to withdraw and did withdraw all US forces from Taiwan. I do not see US forces going back to Taiwan or intervening in a conflict.

Cambodia

'Controversial' Press Law Signed

BK0109060395 Hong Kong AFP in English
0453 GMT 1 Sep 95

[FBIS Transcribed Text] Phnom Penh, Sept 1 (AFP)—Cambodia's acting head of state on Thursday signed a controversial press law that allows the government to close newspapers without a hearing and provides for criminal penalties for publishing information that "affects political stability and national security."

National Assembly President Chea Sim, authorized to enact legislation in the absence of King Norodom Sihanouk, signed the law just hours after the king left for a state visit to Indonesia, Minister of Information Ieng Mouly told AFP.

The king is known to have reservations about infringing on press freedom and in a recent message to his biographer, made public earlier this week, said he had "the right and obligation to amnesty the journalists sentenced."

Ieng Mouly said the press law, opposed by journalists associations, human rights groups and the UN Special Representative for Human Rights in Cambodia, would take effect 10 days from Thursday or September 9.

Parliament passed the press law by a 90 to 4 vote on July 18.

Amnesty International and Human Rights Watch-Asia have said they fear the law, because it does not define the terms "political stability" or "national security" and allows for the extra-judicial confiscation and closure of publications, could be used to jail prisoners of conscience.

Australian judge, Michael Kirby, the UN representative, objected specifically to the undefined term "political stability" saying "it lends itself in an arbitrary manner to suppress criticism or dissenting views."

It was unclear Friday what effect the signing of the law would have on pending government complaints already filed with the court but still under investigation.

Cambodian law requires that an investigating judge decide whether charges should be brought to court.

Ieng Mouly said he believed that cases now being investigated would continue to rely on the laws under which the complaint was originally filed.

But human rights lawyers said the issue is confused as some complaints already filed appear to use elements of both the old and the new laws.

In addition, in a trial on Monday against an editor, a new charge was added during the proceedings.

"I don't think anyone has contemplated the legal nightmare this could become," said one lawyer. "On principle old cases should not be tried under this new press law, but in reality, anything could happen."

The lawyer noted that the law dating from the UN peacekeeping mission here under which many of the old cases have been brought did not contain provisions allowing the closure of publications.

Perhaps the most controversial of the three complaints now under investigation is one against the American-owned, English language Phnom Penh Post newspaper.

The publisher of the fortnightly Post, US citizen Michael Hayes, could face up to nine years in prison and a heavy fine if tried and convicted under the law on counts of criminal disinformation and incitement.

Under the new law, the case against the Post would take an added dimension as the paper could be closed by the Ministry of Information without a court order.

Though criminal provisions against libel and defamation were removed from the new press law, they remain an option for the court to consider if a defendant is convicted of "affecting political stability or national security."

The complaint against the Post filed in April is vaguely worded and combines elements of both the old and the new law.

Khmer Rouge Claims Attack on Ranariddh 28 Aug

BK0109074595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 31 Aug 95

[FBIS Translated Text] The evil and traitorous princeling Ranariddh presided at the inauguration of the Spean Thnaot school on 28 August in Chikreng District of Siem Reap Province. It was reported that the compatriot Cambodian soldiers, militias, and people jointly fired an 80-mm mortar shell at his head shortly after Ranariddh arrived. The shell, however, landed a bit beyond the target and killed one his security guards and wounded two others.

It was also reported that this guy Ranariddh, who was terribly terrified, left the area in a hurry for Phnom Penh, after staying for 10 minutes and saying a few words.

The compatriot Cambodian soldiers, militias, and people fired at Ranariddh because they were furious at his further fueling of the Vietnamese war to kill and wreak havoc on Cambodians, causing them to suffer further from great misery and deplorable separation. They warned that they only frightened the evil, nation-betraying, and warmongering princeling this time, but next time it will be his doomsday.

Khmer Rouge Urges More Use of Poison Stakes

BK0109065695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 31 Aug 95

["Additional Communique" issued by the National Army of Democratic Kampuchea on 31 August; place not given]

[FBIS Translated Text] 1. According to reports from several areas and battlefields reaching the High Command, our army and people, in particular our people, have informed the National Army of Democratic Kampuchea [NADK] that the enemies are extremely brutal — the old and new enemies and the two-heads are brutal beyond words. They indiscriminately kill, shoot, or plunder and rape every woman like beasts. They regard the people as ants or earthworms and kill or terrorize them with impunity. For this reason, the people, especially the people in remote rural areas, lowland fields, and mountainous regions, propose that the people and the NADK dig more and more punji pits and produce more and more multipronged stakes, poison-tipped stakes, and poisonous stakes of all kinds, but not plain stakes.

The reason that the people make this suggestion is that although, based on past experience, the enemies were scared of the normal plain stakes and were wounded by them in fairly large numbers, their chieftains — from Hun Sen, Ranariddh, Chea Sim, Sar Kheng, Pol Saroeun, and Ke Kimyan to those in military regions, provinces, districts, communes, and villages — still continue to conscript and send soldiers and militias to fight and kill the people without ceasing. Consequently, past experience also indicates that only poison-tipped and poisonous stakes will be the most effective. In the other words, the enemies will be killed instantly once they are in contact with the stakes. As a result, although they are forcibly sent by the satanic ringleaders to kill the people, the old and new soldiers will not dare to emerge as they are scared of being killed on the spot by the poison-tipped and poisonous stakes.

Based on their past experience, our people propose that the poison-tipped and poisonous stakes be generally used everywhere. Likewise, punji pits, (?large) stakes, and multipronged stakes should be used.

2. In view of the people's aforementioned suggestion, NADK has decided to abide by it unreservedly. So, henceforth, stakes in pits, large stakes, and multipronged stakes should be generally poison-tipped or poisonous.

Combatants on all battlefields, on all fronts, and at all prongs are asked to implement, in an active manner and on a daily basis, the above decision to the maximum to conform to or exceed the 10-day plans for a display of intense, blazing hatred for the enemies of our nation and people. Never allow them to do away with the nation and people and members of our families. Poison-tipped and poisonous stake pits; poison-tipped and poisonous stakes in tandem; and poison-dipped stakes are strategic weapons with both defensive and offensive roles.

All of our people and national combatants are urged to try to implement and achieve the daily plans and the 10-day plans on every battlefield and on each front in September and October this year. You should also keep carrying out the plans until the enemies are unable to move; they will be hit once they move or raise their heads. Only by doing this can our people and army defend and expand their liberated villages and bases; and only by doing this can our people and our army expand their liberated villages and bases.

31 August 1995.

The NADK.

Indonesia

Suharto Hosts State Banquet for King Sihanouk

BK0109071195 Jakarta ANTARA in Indonesian 1759 GMT 31 Aug 95

[FBIS Translated Excerpt] Jakarta, 31 Aug (ANTARA) — President Suharto has expressed the hope that Cambodia will soon become a member of ASEAN so that all member countries of the organization can intensify their efforts to turn Southeast Asia into a zone of peace and stability.

"We welcome the acceptance of Cambodia as an observer in ASEAN and hope that Cambodia will soon become a full member of ASEAN, President Suharto said.

Addressing a state banquet in honor of Cambodia's King Sihanouk at the State Palace in Jakarta on Thursday evening, President Suharto said that a peaceful and stable Southeast Asia will support development in the region. King Sihanouk arrived in Jakarta on Thursday morning.

"Experiences have taught us that only under a peaceful and stable situation, can development for the prosperity of the people be implemented," President Suharto told King Sihanouk, who was accompanied by his consort, Princess Monique.

Speaking on development in Cambodia, President Suharto said Indonesia still remembered how the country had faced various tragedies over a long period of time.

The government and the people of Indonesia are aware that the Cambodian Government is saddled with heavy responsibility in overcoming various obstacles to quickly improve the welfare and prosperity of the people.

"Being a developing country as well, we believe that Indonesia and Cambodia need to cooperate and mutually exchange national development experiences," President Suharto said.

By exchanging experiences, we can prevent ourselves from making the same mistakes, so that each country can achieve its respective national goals faster.

"Indonesia is happy to share its experiences with Cambodia," President Suharto added. [passage omitted]

Taruma

Meanwhile, Cambodia's King Sihanouk, who is making his first overseas trip after being appointed as the Cambodian head of state, said in his speech of reply that he appreciated Indonesia's role in seeking peace solution for his country.

"We recall with profound gratitude the leading role played by Indonesia, especially by President Suharto and Foreign Minister Ali Alatas, during the process to bring peace to Cambodia," Sihanouk said.

He said: "The Cambodians will never forget the efforts made by our Indonesian brothers to end the traumatic period in the history of our country."

King Sihaonuk also said that since the signing of the Paris peace agreement in 1991, Indonesia had been actively participating in various international activities to rebuild the Cambodian state.

Explaining the efforts to rebuild the country after the damage caused by the civil war, King Sihanouk said: "The Government and the people of Cambodia will seek various means to overcome the obstacles brought about by two decades of civil war in general and the Khmer Rouge's brutalities in particular."

King Sihanouk then proposed a toast to Indonesia's 50th anniversary of independence. [passage omitted on Sihanouk's itinerary]

Minister Views Suharto-Sihanouk Talks

BK3108162895 Jakarta ANTARA in Indonesian 1056 GMT 31 Aug 95

[FBIS Translated Excerpt] Jakarta, 31 Aug (ANTARA) — President Suharto and Australian Prime Paul Keating will meet in Denpasar, Bali on 17 September to discuss the enhancement of bilateral relations and the regional situation.

After detailing the talks between President Suharto and Cambodian King Prince Norodom Sihanouk at the Merdeka Palace on Thursday, Minister and State Secretary Murdiono told reporters that Keating's trip would be a working visit.

"There will be no particular agenda for the talks between the two leaders," Murdiono said. The topic of their discussions will depend on the situation.

When asked whether the head of state and his guest will discuss various incidents that have taken place between the two countries recently, Murdiono said: "I do not want to speculate about the issues that will be discussed during the meeting."

When asked why the informal meeting will be held in Denpasar, Bali instead of cities like Jakarta or Yogyakarta, the minister and state secretary said that Denpasar was chosen to make it easier for Keating to return home from Papua New Guinea.

Before meeting with President Suharto, the head of government from the Land of Kangaroos will attend a Pacific summit in Papua New Guinea.

"If the talks between President Suharto and Prime Minister Keating were held in Jakarta, for example, his trip back to Australia would be much longer," Murdiono said.

Cambodia

Meanwhile, Murdiono said that the Cambodian head of state expressed his gratitude for Indonesia's role in helping restore peace in his country.

Indonesia and France were the cochairmen of the Paris International Conference on Cambodia (PICC) several years ago. Indonesia also sent a military contingent to Cambodia.

Murdiono said Sihanouk briefed Suharto on the latest situation in his country. Although the situation has improved, the Cambodian Government still faces various problems such as a limited food supply and environmental damage.

The Indonesian head of state told his guest, who arrived in Jakarta on Thursday morning, that Indonesia is ready to share its experience in development with Cambodia. [passage omitted]

E. Timor Resistance Claims New 'Oppression'

BK0109061895 (Internet) INDONESIA Listserv in English 31 Aug 95

[Report by Max Lane: "New Wave of Oppression"]

[FBIS Transcribed Text] The East Timorese resistance organisations have called for the release of all East Timorese political prisoners and have appealed for help from non-government human rights organisations in the search for disappeared resistance leaders.

These and other demands are contained in a statement issued on August 17 by the National Council for Maubere Resistance (CNRM), the Executive Council of the Clandestine Front (CEL/FC), and the Coordinating Commission for East Timorese Nationalist Organisations in Indonesia (CCONTLI).

The statement was issued in response to the reported capture on June 30 of Pedro Nunes, also known as Sabalae, and his deputy Remisio Piedade Tilman. Nunes is the leader of the clandestine front in East Timor.

According to the statement, Pedro Nunes was travelling by motorbike towards the town of Ermera with Remisio Piedade early in the morning of June 30, when he was stopped by the Indonesian military. On inspection of their identity cards, it was discovered that Nunes was carrying one issued in Kupang, Indonesian West Timor. The fact that Nunes spoke no Indonesian or Kupang dialect aroused suspicion. Nunes speaks mainly Tetum and Portuguese.

At that point Tilman attempted to resist the military. There are fears that he was shot dead. There has been no news of him since that time.

Meanwhile, the resistance has received reports that Nunes has been brought to Jakarta. The statement ends by appealing to the UN and the Red Cross to help confirm whether was murdered and, if so, to hand the body over to his family.

CCONTLI was formed in early 1995 and comprises the four main East Timorese nationalist organisations which are clandestinely active in Indonesia. These are RENETIL (East Timorese Nationalist Student Resistance), GOD (the 1.2. Group) [as received], AST (Timorese Socialist Association), and ANVISTI (East Timorese Solidarity Committee Against Violence).

The formation of CCONTLI was a major step forward in consolidating the forces of CNRM inside Indonesia.

The statement also appeals to the international solidarity movement to assist in pressuring the Indonesian Government to reveal Nunes' whereabouts and to obtain his release.

Nunes joined the resistance after Jakarta's invasion of East Timor in 1975. He became the secretary of a Fretilin [Revolutionary Front for an Independent East Timor] district committee and later joined the Central Committee of Fretilin as a political commissioner under Xanana Gusmao.

On December 17, 1987, Nunes was captured by the Indonesian occupation forces in Same District and was released only in 1989. He rejoined the struggle in 1991 after making contact with Xanana Gusmao, who by then had established CNRM as the umbrella group for most of the resistance organisations.

Soon afterwards, Indonesian intelligence discovered that Nunes had become active in the underground movement, and he has been hunted ever since. Nunes took over from Constancio Pinto as head of the clandestine front when Pinto was forced to leave East Timor after the 1991 Dili massacre. As head of the clandestine front, he has been coordinating activities with the diplomatic front and Ramos Horta and the guerrilla front and Konis Santana [guerrilla leader in East Timor].

The capture of Nunes seems to have occurred in the midst of another wave of repression and intimidation in East Timor and Jakarta. Timorese sources in Jakarta told Green Left Weekly that Xanana Gusmao has been placed under tighter security in Cipinang prison. This follows the detaining, by Indonesian intelligence officers, of an East Timorese woman carrying a letter from Xanana Gusmao outlining her tasks at the upcoming women's NGO [nongovernmental organization] conference in Beijing. Xanana has been subjected to a new wave of interrogation and now is also guarded more closely by intelligence agents and is in a maximum isolation cell.

In East Timor on July 29, 15 young East Timorese on the way to a birthday party were beaten and detained by the military. Their parents have appealed to the International Red Cross to help find them.

On July 30 a fight broke out between several East Timorese youths and five Indonesian soldiers in the Ermera shopping centre. The soldiers beat the youths ferociously, which led to the surrounding crowd rioting and burning shops in anger. That evening, the military kidnapped some students. The whereabouts of these youths — F. Maia (27), Berito (22), Mau-Kalai (23), Abilio (26), Helder (23), and Julio (25) — was not known at the time of the CNRM/CEL- FC/CCONTLI statement.

On August 1, eight youths were arrested in Liquica as they set off by car to Dili. They were stopped and beaten by soldiers from Battalion 745 and then driven away in a

Land Rover [jeep]. They are still missing. According to the statement, in some towns, East Timorese have been forced to assemble and listen to Indonesian military officials speak on the "legitimacy" of the Indonesian invasion. Reports indicate that in some cases where the youth have not attended, they have been beaten and taken away.

In Jakarta, CCONTLI's [as received] appealed to the UN and other humanitarian organisations to force the Indonesian Government to adhere to the agreements made by East Timorese representatives under UN auspices on June 5.

According to CCONTLI, the agreement was to end "all arrests and indiscriminate torture of the East Timorese people, especially the pro-independence East Timorese leaders." It called on Indonesia to withdraw its military forces from East Timor.

The CCONTLI statement also demanded that the UN force the Suharto regime to adhere to all the UN resolutions recognising East Timor's right to self-determination under international law.

The call for a more active policy by the UN was echoed by the East Timorese-based guerrilla commander Konis Santana in a radio interview broadcast in Portugal on August 13. Santana defended the peace plan presented by the CNRM and underscored the importance of a UN presence in East Timor for safety and stability. With the UN involved, said Santana, the Indonesian troops should withdraw, the political police should be neutralised, and the arms provided by Jakarta to some civilians removed. Under these conditions, the resistance guerrillas could be disarmed.

The newly formed Indonesian People's Solidarity Struggle with the Maubere People (SPRIM) has demanded the immediate withdrawal of all Indonesian military and police and the formation of a provisional East Timorese government to hold a referendum on independence. SPRIM includes Students in Solidarity with Democracy in Indonesia (SMID) as well as the Indonesian Centre for Labour Struggles (PPBI).

Speaking for the Australian Coalition for a Free East Timor, Sydney activist Gil Scrine issued a statement calling on the Australian government to "scuttle its current policy on East Timor" and to support the peace plan formulated by CNRM.

Navy Receives 6 Reconditioned German Ships

BK0109091495 Jakarta ANTARA in Indonesian 1051 GMT 31 Aug 95

[FBIS Translated Text] Surabaya, 13 Aug (ANTARA) — Six former East German navy vessels, which had undergone repairs and refurbishment in accordance with the ABRI [Indonesian Armed Forces] standards by PT PAL [Indonesian Navy Dockyard], were handed over to the TNI-AL [Indonesian Navy] at the West Semenanjung port, Surabaya, on Thursday.

Suleman Wirahadijaya, the officer in charge of the procurement of the former East German vessels, handed over the vessels to Major General Im Sada As, the director general of the maritime facilities service in the Politics and Security Ministry. The vessels were part of 39 former East German navy vessels purchased by Indonesia.

According to Suleman Wirahadijaya, the Indonesian Navy has so far received 19 of the former East German navy vessels.

The six naval vessels that were handed over to the Indonesian Navy were KRI [Republic of Indonesia Ship] Sultan Thaha Syaifuddin bearing registration number 367 (classified under the Parchim class); KRI Teluk Gilimanuk — No: 531; KRI Teluk Jakarta — No: 541; KRI Sangkurilang — No: 542 (the latter three vessels are classified under the Frosch class); while KRI Pulau Raibu — No: 728 — and KRI Pulau Rondo — No: 724 — are classified under the Condor class.

He said: "Currently 33 out of the 39 former East German vessels are already in Indonesia — 11 of the vessels are classified under the Parchim class, 13 under the Frosch class, while the remaining 9 vessels are classified under the Condor class."

The Indonesian Navy has taken charge of 19 operational vessels out of the 33 vessels that are already in Indonesia. Another 14 are currently undergoing modifications at PT PAL Indonesia.

He said: "In this regard, six more vessels have yet to arrive and two of them are currently making their voyage and are expected to arrive in the middle of September. Another four vessels are still in Germany and are scheduled to leave for Indonesia in two stages — the first stage being in December 1995 while the second stage will be at the end of March 1996."

This was the third handing over of the six vessels. The first handing over was carried out at Teluk Ratai, Lampung, where President Suharto witnessed the occasion. The second handing over of the vessels was carried out at PT PAL Indonesia.

Among those present at the handing over ceremony was Major General Bambang Sumbodo, the deputy Armed Forces Chief of Staff in charge of logistics, who received the vessels from the director general of maritime facilities services in the Politics and Security Ministry.

He then handed over the vessels to Rear Admiral Bambang Surjanto, commander of the Indonesian Navy's maritime fleet.

Philippines

Manila, Hanoi Set Spratlys Meeting for Late Oct

BK0109074995 Manila BUSINESS WORLD in English 30 Aug 95 p 15

[FBIS Transcribed Text] The Philippines and Vietnam will be holding bilateral talks on the issue of overlapping claims in the South China Sea in late October to ensure that peace and stability in the region's potential flashpoint would be maintained.

Although the issues that would be tackled are more or less similar to those discussed during the recent senior officials meeting between Manila and Beijing, the bilateral meet with Hanoi is expected to dwell more on cooperative endeavors in joint development projects in the contested area, Foreign Affairs Undersecretary Rodolfo Severino told BUSINESS WORLD.

He said a code of conduct might also be proposed for the two countries even though Manila and Hanoi are not exactly entwined in a serious diplomatic squabble, unlike the recent rift between Manila and Beijing over the Mischief Reef incident.

The Philippines-Vietnam senior officials meeting, said Mr. Severino, would most likely take place in Hanoi, although the details have yet to be threshed out between the two countries.

The Philippines also plans to hold talks with the other claimant countries, except for Taiwan, whom it does not recognize as a sovereign state because of Manila's adherence to the One-China policy.

As this developed, Gen. Arturo Enrile, Armed Forces chief of staff yesterday [29 August] warned that China's alleged plan to conduct military exercise in the disputed Spratlys might further create tension in the already volatile situation in the area.

Mr. Enrile said China should "consider the present situation" in reaction to reports quoting Defense Secretary Renato de Villa as saying China is planning to conduct an air and naval exercise west of Philippine waters.

"The Chinese Government should also look at the situation in the area particularly among claimants. It (the military exercise) might create tension there," he said.

The reported military exercise should be blocked immediately by Foreign Affairs officials, Mr. Enrile said.

China early this year occupied and put up a naval base on Mischief Reef located within the Philippines' 200-mile exclusive economic .

Official Welcomes PRC Denial of Exercises

BK0109041695 Quezon City Radio Filipinas in English 2230 GMT 1 Sep 95

[FBIS Transcribed Text] The Chinese Embassy in Manila has denied that Beijing is planning to conduct military exercises in the disputed Spratly Islands. This was stated by Defense Secretary Renato de Villa. De Villa has said that he was happy to know that the Chinese Government has no plans of holding war games in the Spratlys. This developed as Jose Almonte, presidential security adviser, said the United States should intervene in the Spratlys dispute should efforts to resolve the conflict internally fail.

Last week, De Villa told a congressional committee on appropriations that Beijing is planning to hold military exercises in the disputed area in the South China Sea. Armed Forces Chief General Arturo Enrile has said that China's plan would create some tension in the region.

China has reported construction of structures in the Mischief or Panganiban Reef—which is part of the area being claimed by the Philippines has caused tension between the two countries. [sentence as heard]

Enrile Reports Strengthening of Muslim Forces

BK0109010395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 31 Aug 95

[FBIS Translated Text] AFP [Armed Forces of the Philippines] Chief of Staff Arturo Enrile revealed in a Congress budget hearing yesterday that the MNLF [Moro National Liberation Front] and MILF [Moro Islamic Liberation Front] continue to strengthen their respective forces. According to General Enrile, the AFP needs additional funds to stop the strengthening of forces by these Muslim secessionists. He added that the two groups are taking advantage of the cease-fire to recruit new members. He further announced that the MNLF and MILF continue to receive arms supplies; however, he declined to reveal their sources.

Thailand

More Cooperation With Burma Recommended

BK0109033395 Bangkok BANGKOK POST in English 1 Sep 95 p 3

[FBIS Transcribed Text] The House Committee on Foreign Affairs has recommended that the Government cooperate more closely with Burma in order to improve relations which have become strained of late.

To hear their views on Thai-Burma relations, the committee yesterday met representatives of the National Intelligence Bureau, of the National Security Council, and of the Foreign, Defence, Interior, Commerce and Agriculture ministries.

The representatives agreed that Thailand cannot ignore the problem of members of Burmese minorities fleeing Burmese government oppression and seeking shelter on Thai soil.

But they said Thailand's humanitarian policy of giving temporary refuge to the displaced persons has made Burma suspicious of Thailand's motives.

A representative from the Defence Ministry assured the House committee that the military has no intention of interfering in the internal affairs of Burma.

After hearing the different views of the parties concerned, the House committee concluded that a panel should be set up to explore how to improve bilateral ties.

Defence Minister Chawalit Yongchaiyut is due in Rangoon today.

Police Protest Burmese River Reclamation

BK0109062595 Bangkok THE NATION in English 1 Sep 95 p A5

[FBIS Transcribed Text] Mae Sot—Border Patrol Police in Mae Sot have made several protests to the Burmese authorities in Myawaddy over the reclamation of part of the Moei River bank.

Officers of 346 Border Patrol Police said on Wednesday that the Burmese action was a clear violation of a bilateral agreement, which suspended all activities that could affect the banks or the flow of the Moei River. The river banks serve as the interim boundary line between the two countries.

The officers said the Burmese began to fill in the river in June after Rangoon halted construction of the joint-venture bridge across the Moei River.

The suspension of work stemmed from Burmese resentment over river bank reclamation by Thai businessmen. The two sides have since agreed to halt any activities that could affect the natural boundary and the river and to begin negotiations on demarcating the frontier.

The officers said reclamation subsequently ceased on the Thai side of the river, but the Burmese then violated the agreement. Burmese authorities had not replied to the Thai protests, they added.

Yesterday about 2,000 Burmese students, soldiers and volunteers were seen extending the river bank with earth and stones. They also put up a Burmese flag on the reclaimed land, which now extended about three metres beyond the original river bank, local Border Police said.

Throughout the activity, Burmese authorities broadcast patriotic music, urging the people to love and be prepared to fight to protect their beloved motherland.

The officers said the Burmese junta yesterday dispatched the commander of the 77th Division, Brig Gen [Brigadier General] Than Thun, to Myawaddy to assess the situation.

Defence Minister Chawalit Yongchaiyut is tomorrow scheduled to begin a two-day visit to Burma.

Chavalit will try to persuade the Burmese leaders to reopen border crossings at Myawaddy, Tachilek, and Victoria Point or Kawthaung, which were closed early this year after several border clashes and incursions.

He will also urge the Burmese to resume construction of the Moei bridge linking Myawaddy and Mae Sot.

Article Discusses Chawalit's Burma Trip

BK0109082595 Bangkok BANGKOK POST in English 1 Sep 95 p 4

[Article by Nutsara Sawatsawang: "Chawalit Faces Testing Time in Healing Rifts With Burma"]

[FBIS Transcribed Text] The official visit to Burma by Deputy Premier and Defence Minister Chawalit Yongchaiyut starting today is a confidence building exercise carrying the hopes of a good many people.

Gen Chawalit is expected to achieve results largely because he is a professional soldier enjoying a history of good relations with a former leader of the ruling military junta in Rangoon.

As army commander-in-chief, Gen Chawalit effectively became the first foreign dignitary, in December 1988, to recognise a regime that was condemned internationally for the brutal suppression some months earlier of Burma's pro-democracy advocates.

After that visit to Rangoon as a guest of Gen Saw Maung, the first chairman of the State Law and Order Restoration Council (SLORC), Gen Chawalit brought home generous logging and fishing deals that were seen to have been given in exchange for the repatriation, soon afterwards, of some 80 Burmese students who had sought refuge in Thailand.

As deputy premier and defence minister, Gen Chawalit can continue to impress Rangoon's key military officers, but he is unlikely to carry the same weight with them that he did seven years ago when army chief.

The inclusion in Gen Chawalit's delegation of Assistant Army Commander Chettha Thanacharo indicates Thailand's recognition of the need to cultivate military-to-military contacts.

Gen Chettha is said to be close to some of Burma's regional commanders, notably Maj Gen Ket Sein of the Southeastern Command, and Maj Gen Saw Tun, a former commander of the Eastern region who is now Minister of Construction.

But Thai-Burmese relations may well be at their lowest point ever, with the death of Burmese seamen at issue in the latest of serious outstanding problems between the two neighbours.

Foreign policy analysts say the success of Gen Chawalit's mission depends more on what he has to offer as solutions than the military backgrounds of himself and others in his delegation, or the military nature of the leadership in Rangoon.

Gen Chawalit will be the guest over the next two days of the Burmese government, not of its military, sources point out. His direct host is Deputy Premier Maung Maung Khin, and his programme has been worked out by the foreign rather than defence ministry in Rangoon.

Whatever his guest status, it was Gen Chawalit who initiated the idea of paying the visit, and a scheduled meeting with the regime's foremost leader is seen as a warm response, giving ground for hope that Rangoon is interested in improving relations.

Soon after his arrival this morning, Gen Chawalit is due to meet with Gen Than Shwe, who is concurrently the SLORC chairman, prime minister, minister of defence, and armed forces commander.

Gen Chawalit is expected to carry a message from Prime Minister Banhan Sinlapa-acha to Gen Than Shwe expressing regret over the death of the seamen and confirming Thailand's commitment to bring the guilty to justice.

But doubters are asking whether Gen Chawalit can make as much headway with Gen Than Shwe as he did with his predecessor, Gen Saw Maung.

Gen Chawalit was unsuccessful in having a ban on fisheries and logging concessions lifted when he visited Rangoon in June 1993 as interior minister. The Burmese side simply did not respond to his petition.

Gen Than Shwe is reputed to be quite different from Gen Saw Maung, whom he succeeded in April 1992. A professional soldier and devout practising Buddhist, Gen Than Shwe is not known to risk long-term national interests for short-term profit.

Gen Chawalit made it known he wished to open a dialogue with Burma soon after he assumed office as a member of Mr Banhan's government.

This was before the murder of the Burmese seamen became an issue between the two countries, but there were three other problems which had soured relations since early this year.

Two concerned Thailand's alleged support for ethnic Karen and Shan rebels.

The closure in early March of the Mae Sot-Myawadi border checkpoint is seen as SLORC's "punishment" for alleged Thai help for rebels of the Karen National Union (KNU).

Thailand was accused not only of reinforcing troops at the border to obstruct the pro-SLORC Democratic Kayin Buddhist Army, but also of helping KNU soldiers relocate to the Thai side.

The closure in March of the Mae Sai-Tachilek border checkpoint is seen as SLORC's response to what it saw as Thai help for the forces of drug warlord Khun Sa. Thai authorities cited humanitarian reasons for allowing these rebels to take shelter and receive medical treatment.

The third problem, which led to Rangoon's suspension in June of construction work at the Thai-Burmese Friendship Bridge across the Moei river, concerned alleged Thai encroachment on Burmese territory.

Burmese authorities alleged the illegal encroachment had altered the borderline marked by the Moei River. They demanded the removal of construction materials, rock filling, and all buildings on the river bank as preconditions for talks.

In what is seen as a response to the Burmese demands, Mae Sot district authorities ordered the removal in early July of all shophouses and stalls built in the area within a month. The shophouse and stall operators have appealed for another 60 days, or up till October 8.

The Thai side argued that the river bank was filled with rocks to prevent soil erosion. They also counter-charged that Burmese authorities in Myawadi had erected stakes along their river bank in order to redirect the current and damage the Thai side.

Gen Chettha, who has been involved in several rounds of regional-level talks, earlier said two different issues were at stake and that separate Thai-Burmese committees — on bridge construction and boundary work — should be set up to deal with them.

But Burma has held out against the idea, sustaining a tough line after a recent visit to the area by SLORC Vice

Chairman and Army Chief Commander Gen Maung Aye, who knows the problem through his time as commander of the Eastern Region and cochairman of the Thai- Burmese Regional Border Committee seven times.

The general was furious to find a small island in mid-river being developed from the Thai side, a source familiar with the situation said.

The murder of Burmese seamen aboard Thai vessels early last month has resulted in the closure of the checkpoints at Ranong and Burma's Victoria Point, and the disruption of all Thai fishing operations in Burmese waters.

While exports of other Burmese raw materials, such as logs, are still permitted, the export of fish is prohibited "for the time being" as "a kind of punishment", a Burmese source said.

According to the Burmese embassy's account, Thai fishermen assaulted 18 Burmese crewmen after learning they had reported Thai violations of a joint venture fishing agreement sealed only a few months ago to Burmese authorities. The Thais were said to have caught marine animals prohibited under the agreement.

In an aide memoire handed to Thai Ambassador in Rangoon Poksak Nin-ubon, the Burmese Foreign Ministry has demanded that legal action be taken against the culprits

Over the past week, two suspects have been arrested, and three days ago, skipper Sunthon Kaeosongduang, who is said to have ordered the beating of the Burmese crewmen with a water pipe, surrendered to authorities.

NCC Asian Fisheries Co, which has a stake in the Thai-Burmese joint venture company, also is reported to have contacted Burmese authorities with an offer of compensation for the crewmen.

Over the next two days, Gen Chawalit may face the biggest challenge of his political career.

Concerning ethnic minorities, he might be able to argue that Thailand was providing humanitarian aid to people in trouble.

But Thailand can hardly escape legal responsibility for the murder of Burmese seamen, or encroachment on Burmese territory at the bridge.

Government Urges Liberalization in AFTA

BK0109065295 Bangkok BANGKOK POST in English 1 Sep 95 p 19

[Report by Somphon Thapanachai and Wichit Sirithawiphon]

[FBIS Transcribed Text] Thailand will seek increased liberalisation within ASEAN for banking, insurance, telecommunications, transport, tourism and agriculture when the group's economic ministers meet in Brunei next week.

Officials from 20 government agencies agreed at a meeting on Wednesday that Thailand is ready to start negotiating liberalisation within ASEAN on a range of services.

This would lead ultimately to market-opening that would exceed commitments made to the rest of the world under the World Trade Organisation, they said.

And in an attempt to persuade fellow ASEAN members to allow freer trade in agriculture, the Thai delegation will fly to Brunei with a list of proposed exclusions that has been slashed from more than 100 to only seven.

Financial services (finance, securities, banking and insurance), telecommunications, transportation and tourism are the four service sectors to which Thailand is most likely to open markets to neighbouring countries in the region.

Karun Kittisathaphon, Deputy Permanent Secretary for Commerce, said that while officials from other ministries such as Transport and Finance agreed the country is ready to negotiate liberalisation, it did not mean Thailand would immediately open markets' in these sectors.

ASEAN economic ministers, meeting in Chiang Mai last year, agreed that the ASEAN Free Trade Area should be expanded to cover the services sector. They assigned their senior economic officials to prepare a draft agreement on cooperation in services.

This draft is likely to be approved in Brunei on September 7-8 and then submitted to the ASEAN leaders who will meet in Bangkok in December.

Mr Karun said negotiating liberalisation of services could take at least three years because it is a complicated issue.

Every member of ASEAN agrees to liberalisation and cooperation in services, but each country has interests in different sectors.

Contentious issues such as the definition of a company established in an ASEAN country and therefore eligible for preferential treatment will not be discussed at the senior officials' level but will be reviewed at the technical level.

Establishing definitive regional rules of origin will also be difficult because each ASEAN member has a different law to regulate the proportion of foreign investment.

"It is agreed in principle that the issue of an ASEAN juristic person will be based on what was agreed under the General Agreement on Trade in Services," said Mr Karun.

On the issue of AFTA [ASEAN Free Trade Area] agricultural product liberalisation. Deputy Commerce Minister Phairot Suwannachawi said Thailand was determined to produce the smallest possible exclusion list.

A Finance Ministry source said the only products the country wants to keep protected are: one customs category each of fresh potatoes, frozen potatoes and dried coconut, and three categories of coffee.

An Agriculture Ministry source said even this very short list is only being retained as a bargaining chip. Thailand can handle free imports of all agricultural products from other ASEAN countries, he said.

The economic ministers meeting in Brunei will also discuss reducing tariffs to zero by 2000, instead of the current target of 0-5% by 2003.

Japanese Criticized on Agriculture Liberalization

BK0109070695 Bangkok BANGKOK POST in English 1 Sep 95 p 19

[FBIS Transcribed Text] Japan has lobbied Thailand to exclude agricultural products from trade liberalisation under the Asia Pacific Economic Cooperation [APEC] group, according to Deputy Commerce Minister Phairot Suwannachawi.

However, Thailand has replied that it wants to include every sector in trade liberalisation because production of agricultural products is one of the country's strengths, Mr Phairot said.

"Japan should be the leader in pushing for trade liberalisation in every sector."

Japan faced strong criticism from its people in allowing imports of agricultural products, especially rice, under commitments to the World Trade Organisation. The possibility of further market opening in this sector under APEC has encountered more public resistance.

Japan, as host of the November APEC leaders' meeting in Osaka, has lobbied countries in Southeast Asia to support its position on excluding farm products from liberalisation.

Japan, along with South Korea and Taiwan, use a wide range of tariff and non-tariff barriers to protect their farmers.

The western countries in APEC such as the United States, Australia and New Zealand support trade liberalisation in all sectors. The 18-country group has set a goal of free trade and investment by 2010 for developed members and 2020 for developing countries.

A Japanese delegation led by Liberal Democrat parliamentarian Yoshio Yatsu, a former deputy minister of agriculture, visited Mr Phairot yesterday.

Thailand has urged Japan to understand the position of countries such as Thailand which need to import a lot of capital goods while relying heavily on food exports.

Thailand's trade deficit with Japan is about eight billion baht — 96% of its total trade deficit.

The International Economic Relations Committee, chaired by Deputy Prime Minister Amnuai Wirawan, has approved the country's position on trade liberalisation for all sectors.

Mr Phairot said Thailand also asked Japan to be fair to Thailand in opening its rice market, saying loopholes in the Japanese bidding system allow importers to select types of rice to be imported.

Thailand is able to export only 51 tons of Japonica rice to Japan out of a total of 2,800 tons up for bid.

He said Thai 100% white rice and fragrant rice were poorly received in the Japanese market, so Thailand wanted Japan to set more quotas for Thai rice as part of its plan to allow 374,000 tons of imports.

Karun Kittisathaphon, Deputy Permanent Secretary for Commerce, said Japan was conducting research on the popularity of imported rice, but Thailand was worried that the process might not be transparent.

Thailand was the biggest supplier of rice to Japan last year when a poor harvest there caused shortages and necessitated emergency imports—something the Thai side reminded its visitors about yesterday.

Commander Hopes for No Interference on Reshuffle

BK0109062195 Bangkok BANGKOK POST in English 1 Sep 95 p 6

[FBIS Transcribed Text] Supreme Commander Gen Watthanachai Wutthisiri last night said he hopes there will be no political interference over the proposed annual military reshuffle lists.

Gen Watthanachai, who will retire at the end of the month, said he should be consulted if any change is to be made to the proposed reshuffle lists.

The supreme commander said he is still considering the proposed lists from the three branches of the Armed Forces. Within the next few days, the lists will be forwarded to Defence Minister Gen Chawalit Yongchaiyut for final consideration.

The general said he does not expect that there will be any problem over the annual military reshuffle.

"It (the reshuffle) has no impact which will affect relationship between the government and the military," said Gen Watthanachai.

He could not understand why reporters had shown so much interest on the issue.

Army Assistant Commander Gen Chettha Thanacharo yesterday also voiced the same hope that there will be no changes in the military reshuffle lists proposed by the Armed Forces.

Gen Chettha said he has a reason to be optimistic, claiming that at present there is much understanding between Armed Forces commanders and Defence Minister Gen Chawalit Yongchaiyut.

"I don't think that there would be any problem," said Gen Chettha confidently.

The general was tipped to become the Army deputy commander in the upcoming annual military reshuffle expected to be officially announced this month.

The assistant commander stressed that there is still good relationship between the military and the government, adding that present political tension between the military and the government has been blown out of proportion by the press.

Gen Chettha urged the public to have faith in the Armed Forces, saying it would be totally out of touch with present reality if any soldiers in the still harbour the idea of undemocratic change.

Any active soldier who still harbours such idea is terrible. It should not come into our mind at all. The idea is obsolete and outdated," said the general.

He did not offer any comment when asked whether public sentiment against officers involved in the shooting of pro-democracy protesters in May 1992 should be taken into consideration during the reshuffle.

Gen Chettha said he is not in direct command of those officers and could not give a comment.

It was reported that Gen Chainarong Nunphakdi, now chief of the army commander's staff officers, would be promoted to become assistant army commander.

During the bloody May event, Gen Chainarong, who will retire in 1999, was the First Army Region Commander whose forces were directly involved in the suppression.

Meanwhile, there was a report that the Army is considering filing lawsuits against DAILY NEWS newspaper unless the paper apologises to the Army over its report in yesterday's edition alleging that outgoing army chief Gen Wimon Wongwanit once entertained the idea of staging a coup against the government.

The source said Army deputy chief of staff Lt-Gen Paeng Malakun urged the paper's editor to print an official apology, otherwise legal action would be taken.

Army Challenged To Publish '92 Incident Paper

BK0109053495 Bangkok BANGKOK POST in English 1 Sep 95 pp 1, 3

[FBIS Transcribed Text] Pro-democracy groups yesterday challenged the Army to publicise details of its White Paper, containing an investigation report on the Black May 1992 incident, saying they want to compare it with the findings by other committees.

Confederation for Democracy [CFD] secretary-general Dr Weng Tochirakan yesterday said the revelation of the paper's contents will help identify mistakes leading to the bloodshed and allow all parties concerned to find preventive measures against a recurrence of the incident.

Army chief Gen Wimon Wongwanit on Wednesday said the Army has a report, dubbed the White Paper, but declined to disclose the details, saying only that the revelation could cause disunity in the country.

He made the statement after being asked by reporters whether public sentiment would be taken into consideration over the military reshuffle list.

Earlier, there were reports that Gen Chainarong Nunphakdi would be promoted to assistant army commander in the upcoming annual Army reshuffle list.

Gen Chainarong, now chief of the army commander's staff officers, was in charge of troops which opened fire on unarmed pro-democracy demonstrators in May 1992. He was First Army Region commander at the time and held the rank of a lieutenant-general.

The pending promotion reports have prompted several pro-democracy groups including the CFD to voice their disagreement.

The raising of the White Paper issue is seen as an Army's attempt to support the promotion of Gen Chainarong to the powerful post.

Dr Weng, however, said many versions of video footage and investigation reports by various fact-finding committees into the May 1992 bloodshed showed Gen Chainarong (a Lt Gen at the time) commanding the troops which later opened fire at pro-democracy demonstrators on Ratchadamnoen Avenue.

He said Gen Chainarong may be a good and capable person but a leader in the armed forces "must be accepted by the people".

Meanwhile, Democrat Party MP for Songkhla Niphon Bunyamani, a member of the now-defunct House Committee to investigate the May 1992 incident, said the Army should not hesitate to reveal its investigation report on the event, so that measures could be drawn up to prevent its recurrence.

According to Mr Niphon, Gen Chainarong refused to appear to testify before the committee which later concluded that the military overreacted in opening fire at the demonstrators.

This is also the conclusion in the report endorsed by another committee set up by the Anan Panyarachun administration which was chaired by former Supreme Court president Sophon Ratanakon.

According to the report, then Army chief Gen Itsaraphong Nunphakdi, and then Lt-Gen Chainarong both testified before the committee that the "Phairi-phinat Operation Plan" (Destruction to the Enemy) was employed to disperse the crowd.

Lt-Gen Chainarong, said the report, admitted that then Supreme Commander Air Chief Marshal Kaset Rotchananin ordered the troops under his command to quell the protesters and arrest Maj-Gen Chamlong Simuang, a demonstration leader.

CFD Deputy Chairman Somsak Kosaisuk said it would be inappropriate to promote Gen Chainarong to such a powerful rank as he was involved in the mass killing of unarmed people.

He called on concerned parties to "carefully consider" the reshuffle list if they want to avoid running against the public feeling.

Meanwhile, Adun Khieoboribun, Chairman of the Committee for the Relatives of Heroes in May 1992, said all relatives of the May victims will submit a letter to Defence Minister Gen Chawalit Yongchaiyut next Tuesday at Government House, calling for the minister to make it clear to the public whether Gen Chainarong will be promoted as assistant army chief.

The group will also call on the Army to publicise its White Paper and the Phalang Tham Party [PDP] to show its stance on the issue.

The PDP played a leading role in the uprising against the military government of Gen Suchinda Khraprayun.

Bank Chief Cites Causes for Payments Deficit

BK0109062695 Bangkok THE NATION in English 1 Sep 95 p B10

[Report by Watchara Charunsantikun and Utsani Hararak]

[FBIS Transcribed Text] The balance of payment in July 1995 dipped into deficit—by Bt8.6 billion—for the first time in four months. This was a result of commercial banks dumping baht for the U.S. dollar when liquidity here was high and the greenback became stronger.

Speaking at a press conference to release the July figures, Dr Bandit Nitchathawon, Bank of Thailand's director of economic research department, denied that the deficit in July was a negative response to Thai political developments that month.

According to Bandit, although nonbanks recorded Bt33 billion net capital inflows last month, commercial banks paid out more than what they brought in, prompting the balance of payment as a whole to fall into the red. Bandit did not reveal commercial banks' outflows.

In July, the Bank of Thailand's Exchange Equalization Fund [EEF] was the net seller of the U.S. dollar, selling U.S. $1.17 billion and buying only U.S. $673 million. Higher EEF's selling of U.S. dollars to the financial institutions means the net capital outflows exceed the inflows.

This marked the first time since April that the balance of payment ran into deficit. The country did suffer a Bt21.9 billion payment deficit in January as a result of the Mexican crisis, which led to the unfounded baht devaluation rumour. There was also a Bt11.9 billion payment deficit in March out of the currency crisis.

However, from April until June, the balance of payment figures have always been in the black. Capital inflows exceeded outflows in April, May and June by Bt32.9 billion, Bt37.3 billion and Bt43.3 billion respectively.

"The liquidity in July was high. Interbank rates went down from 9.5 per cent to 7 per cent. Commercial banks sold baht and bought dollars to pay for their foreign debts. This made commercial banks' capital outflow exceed the inflow," Bandit insisted.

Major political developments occurred in July. Banhan Sinlapa-acha became prime minister a week following the July 2nd election. The list of his 49-member cabinet received a negative response from the public more than a week later, following the much-heralded controversy involving certain Chat Thai party members and U.S. allegations of drug trafficking. The Banhan government ended its first busy month by announcing its policy statement to the parliament on July 26.

As the country ran into the Bt8.6 billion deficit in the balance of payment last month, the official foreign reserves in July also dropped to U.S. $34.4 billion or 6.6 months' worth of imports, from U.S. $35 billion a month earlier.

July exports rose 18.6 per cent to BtlO9 billion compared to the same period last year "because of the slowdown of farm goods exports," Bandit said. But imports rose as much as 33.6 per cent to Bt147 billion from last year, widening the trade deficit to Bt38 billion, compared to Bt34 billion in June.

Although the Bank of Thailand could not release the current account balance figure in July, the June figure shows that the country is now suffering a Bt39 billion current account deficit — the highest figure since February this year.

Bandit said certain economic indicators have shown that the country's economy is slowing down. Manufacturing Production Index was down to 8.7 per cent from the same period last year compared to June's 10 per cent. "Most of the slowdown occurred in the food and automobile sectors," he said.

But private investment is still actively expanding, especially in the construction industry, Bandit said. The private investment index rose 16 per cent from the same period last year, compared with 15.8 per cent in June.

He said the central bank has so far been satisfied with commercial bank credit expansion. Although the July figure showed the expansion rose 29.5 per cent from the same period last year, the rate was slightly down from June's 29.6 per cent.

Plan To Boost IT Development Outlined

BK0109070895 Bangkok THE NATION in English 1 Sep 95 p B2

[Report by Phongphen Sutharot and Nittaya Phacharoen]

[FBIS Transcribed Text] "Multi-tasking" Deputy Prime Minister Thaksin Chinnawat, chairman of the National Information Technology Committee [NITC], has announced three strategies he would like to see undertaken to develop information technology [IT] in Thailand. The strategies would increase the country's ability to compete effectively internationally, he said.

Thaksin's first strategy was to construct a national information infrastructure, or so-called information superhighways.

He said the information superhighways would bring the whole world to the fingertips of Thai people and help them gain a competitive advantage in international markets.

The country must have its own physical information infrastructure to transport various information in the forms of text, graphics, and voice and video formats through electronic or computer systems, he said.

He said that as the NITC chairman he would push for the establishment of a national information infrastructure project. To broaden the use of information technology, the deputy prime minister said Thai people must have IT related knowledge—another important factor which would increase the country's competitive edge.

He said the government should provide more education courses to develop an IT literate workforce in Thailand.

IT personnel would be a significant factor to drive the country's IT development, he said, adding that education was the most immediate task to be tackled, especially regarding computer and telecommunications staff.

"Human resources development in IT must be given top priority and non-IT personnel made IT literate," he said.

The government sector has a major part to play in IT development, Thaksin said. Its role would be to promote, support and coordinate the use of IT in Thailand.

The government sector, he added, should be the model for the use of information technology and should push for the full use of IT in both its internal and private organizations.

Editorial Opposes Liberalization of Insurance

BK3008085095 Bangkok THAI RAT in Thai 30 Aug 95 p 3

[Editorial: "Prop Up the Insurance Sector"]

[FBIS Translated Text] Asian countries that enjoy superior economic progress have joined the World Trade Organization. Western countries, particularly the United States, have seized this opportunity to launch a campaign for those countries, including Thailand, to liberalize the services sector so that its services business, which includes life and non-life insurance operations, can use its greater experience and capital to effectively penetrate this region.

Frequent political problems, which caused the former prime minister to dissolve the house and call a new election and culminated in formation of the current coalition government, have contributed to Thailand eluding pressure from the superpower for speedy liberalization of the insurance sector. Once, however, the United States sees that the new government is ready, it probably will not hesitate to press for access to the Thai insurance market.

The new U.S. ambassador may push for opening of the Thai insurance market to score among his first achievements. We wish to say that the three-stage policy for liberalization of the insurance sector could be used as a good justification because it amounts to our way of liberalization. Although the policy does not allow complete access, three of 11 Thai insurance companies already have 23-25 percent of their shares held by foreigners. These companies are managed by foreigners. Negotiations are under way at several others companies for foreigners to hold shares and management authority.

The country is already on the right path. We agree strongly with limiting shares held by foreigners in insurance companies to below 49 percent. We should begin with giving an opportunity for Thai nationals to set up more insurance firms so that they will be able to compete with foreign firms once full liberalization arrives. Despite this, several groups with foreign shareholders have already applied for new insurance company permits. Some partly foreign-owned Thai companies have also applied to set up new insurance companies.

We do not have to comply with pressure from abroad to raise the ratio of foreign held shares to 49 percent or to rush into liberalization. In reality, a single U.S. insurance company already holds more than 50 percent of the insurance market share. It uses tactics that enable it to open an unlimited number of branches despite the prohibition by claiming that they are training centers. To rush into allowing foreign access is tantamount to killing off Thai firms or their being swallowed up.

Despite limiting foreign shares to 25 percent, giant foreign insurance companies have bought into several Thai companies. The plan to allow Thai nationals to open new insurance firms has been exploited by foreigners. To raise the foreign share limit to 49 percent or to liberalize the market would invite European countries, the United States, and Japan to swarm into Thailand and use their superiority to dominate the insurance sector.

Do not rush into allowing foreign access into the Thai insurance sector, because Thai companies will be swallowed up. Huge revenues in the insurance sector will fall into the hands of foreigners, and Thailand may reap very little benefit from its investment.

Vietnam

Do Muoi Receives Thai Deputy Prime Minister

BK0109021295 Hanoi VNA in English
1524 GMT 31 Aug 95

[FBIS Transcribed Text] Hanoi VNA Aug. 31 — General Secretary of the Communist Party Do Muoi this afternoon received Supreme Commander of the Thai Air Force, and First Deputy Prime Minister of Thailand Sombun Rahong, who is now on a working visit to Vietnam.

Mr. Sombun Rahong, also honourary president of the SAS [expansion unknown] Group of Thailand, conveyed warm greetings from the leaders and people of Thailand to the government and people of Vietnam on their 50th national day and on Vietnam's full ASEAN membership.

He informed his host of the SAS Group's decision to grant Vietnam USD [U.S. dollars] one million in assisting it to establish the ASEAN Liaison Office in Vietnam, maintain the mausoleum of President Ho Chi Minh. He presented several cooperation projects that SAS wishes to carry out in Vietnam.

The party leader welcomed the good sentiment of the SAS Group and the honorary president personally towards Vietnam and their interest in promoting cooperation with Vietnam. He expressed his belief that in the fine development of the friendship and multi-faceted cooperation between the two countries, the SAS Group's cooperation with and investment in Vietnam would be expanded.

Party Delegation Visits Eastern Europe

BK3108153595 Hanoi VNA in English
1510 GMT 31 Aug 95

[FBIS Transcribed Text] Hanoi VNA Aug. 31 — A delegation of the Communist Party of Vietnam's Commission for External Relations led by its Deputy Head Nguyen Van Son paid working visits to Czech Republic, Slovakia and Hungary from Aug. 19-28.

The visits were made at the invitation of the Czech-Moravian Communist Party, the Slovak Democratic Left Party, the Slovak Communist Party, the Hungarian Socialist Party and the Hungarian Workers Party.

The delegation held talks with chairmen, vice chairmen and other leaders of the host parties.

During the talks, the host and guest informed each other of the situation of each party and country and expressed their wishes to promote their bilateral friendly and cooperative ties. Leaders of those parties highly appreciated the achievements and experience gained by the Vietnamese people during their renovation process. They also expressed their admiration at the correct leadership of the Communist Party of Vietnam, and affirmed that they would strengthen the traditional, friendly and cooperative ties between their countries and Vietnam.

Imprisoned Buddhist 'Extremely Weak'

BK3108151595 (Internet) SEASIA Listserv in English 30 Aug 95

["Press release" issued by the Vietnam Committee on Human Rights in Paris on 30 August: "Thich [Venerable] Nhat Ban is dangerously weak from hunger strike in Chi Hoa Prison"]

[FBIS Transcribed Text] The Vietnam Committee on Human Rights is informed that Venerable [Ven.] Thich Nhat Ban, one of six Buddhists sentenced at the People's Court in Ho Chi Minh City on August 15 1995, is on hunger strike in protest against the group's arbitrary detention. Sources in Chi Hoa prison reported on Monday that the 58-year old monk is extremely weak, and can now hardly move.

Thich Nhat Ban was arrested on November 6th 1994 and sentenced to four years' imprisonment for participating in a Rescue Mission for flood victims organised by the Unified [as received] Buddhist Church of Vietnam (UBCV). Thich Nhat Ban and Thich Khong Tanh — the Rescue Mission's leader, who received a five year sentence at the trial — began the hunger strike in prison before the trial to protest against the Government's refusal to grant them the right to consult with defence counsel of their choice. Weakened by their fasting, both monks had to be supported by Policemen into the courtroom on August 15th. After his conviction, Thich Nhat Ban continued the hunger strike in Chi Hoa prison, protesting that the trial was unfair.

Thich Nhat Ban (secular name Ho Buu Hoa) has spent many years in prison and suffered continuous harassment because of his open support for the UBCV. Expelled from Phap Hoa pagoda in the former province of Bien Hoa in 1975 and deprived of his "ho khau" (obligatory residence permit), he was arrested and detained in reeducation camp for ten years charged with "non-possession of a residence permit" (sic). Released in 1985, he was not reissued with a "ho khau". He spent the next 7 years in Ba La Mat Pagoda, a makeshift shrine at the foot of a large Buddha statue on Highway 47, between Ho Chi Minh City and the coastal resort of Vung Tau. But on 24.10.91 he was again threatened with expulsion for "non-possession of a residence permit". Local Police broke into Ba La Mat Pagoda, smashed the fragile building and tied Thich Nhat Ban to a tree by his thumbs. He refused to leave, and wrote numerous protests to the local and central authorities to demand that his case be reviewed. In August 1993, after the Government passed a new Decree on religions (Decree 139), Thich Nhat Ban began to restore his Pagoda, believing that religious freedom would be upheld. However, he was again arrested, subjected to intense interrogation for 3 days, then taken back to his village and chained to a tree by Police,. charged with "restoring a Buddha Statue". The authorities then destroyed Ba La Mat Pagoda, and prohibited Buddhist ceremonies around the Statue. Ven. Nhat Ban sought temporary shelter in the nearby Linh Phong Pagoda. In 1994 he obtained permission from the local Board of Religious Affairs to restore the derelict Statue, but when Buddhists began the work on 23.1.1994, local Police swept in, confiscating their equipment, harassing everyone and threatening to throw Ven. Nhat Ban down a well. Despite continuous Police harassment and surveillance, he continued to confront the authorities on the question of religious freedom. On 26.1.1994, he sent a letter to the SRV President and Prime Minister, the Chairman of the Government Board of Religious Affairs and the local authorities of Dong Nai Province asking for remedial action to be taken in his case. In October 1994 he joined Thich Khong Tanh in organising the UBCV Rescue Mission for flood victims in the Mekong Delta.

Paper Reports on Trial of 'Reactionaries'

BK0109023995 Hanoi NHAN DAN in Vietnamese 14 Aug 95 p 4

[Report by The Gia]

[FBIS Translated Text] The Ho Chi Minh [HCM] City people's court opened a preliminary sitting to try the case involving Nguyen Dinh Huy and eight other accomplices on charges of carrying out activities to overthrow the people's administration.

The adjudicating council was directed by Mr. Le Thuc Anh, presiding judge of the city people's court. Mr. Dang The Hong, chief procurator of the city people's organ of control, acted as prosecutor.

Before 1975 Nguyen Dinh Huy participated in the Tan Dai Viet Party and held the position of deputy secretary general. After the liberation of South Vietnam, he was rounded up for reeducation. In late 1990 when upheavals were taking place in Eastern Europe and the former Soviet Union, Cao Minh Chau was appointed leader of the Tan Dai Viet Party overseas. Chau made arrangements for a person named Nguyen to visit Vietnam and contact Huy in the reeducation camp. Huy then agreed to collaborate with Cao Minh Chau.

Soon after being released from the reeducation camp, Huy contacted Cao Minh Chau and was appointed leader of the Tan Dai Viet Party in Vietnam.

In June 1992, Nguyen Dinh Huy rallied 20 Tan Dai Viet party members in Ho Chi Minh City to serve his dark scheme of restoring the activities of this party.

On 16 July 1992, Nguyen Dinh Huy met with the hardcore elements of the Tan Dai Viet Party and the "Democratic Alliance" to inform them of a plan by reactionary organizations overseas to revive the Tan Dai Viet Party under the new name of "the Movement for National Unification and Democracy Building." The board of management consisted of five members with Nguyen Dinh Huy as president and Nguyen Ngoc Tan and Pham Tuong as vice presidents. The so-called "Movement for National Unification and Democracy Building" used the cover of "democracy" to rally people and rely on the support of organizations overseas to make public its activities to oppose and deprive the Communist Party of Vietnam of its leading role, assume the leadership, and seize power through the "peaceful evolution" strategy. If the revolutionary administration refused to step down, they would use force to overthrow the state of the Socialist Republic of Vietnam.

Acting in line with the aforementioned reactionary scheme, Huy changed the "Board of Management" into the "Steering Council," comprising seven members and still having Huy as president. They rallied 44 people from 15 provinces and cities.

Nguyen Dinh Huy and his cohort compiled the "Political Platform," the "Declaration," and other subject matter to define their reactionary ideals, objectives, and policies aimed at distorting the truth of history, smearing the renovation policy of the Vietnamese state, and removing the lines between our people's national salvation struggle and the crimes of the imperialist aggressors and their lackeys. They instigated and urged our people to "ponder the truth," do away with the revolutionary gains, eliminate the Communist Party, abolish the Constitution, overthrow the state of the Socialist Republic of Vietnam, and establish a new state named the "Republic of Vietnam." They sent those reactionary materials to foreign countries and had them published in the newspapers owned by reactionary Vietnamese organizations in exile.

Nguyen Dinh Huy received and actively carried out a six-step action program designed by overseas organizations to overthrow the people's administration.

From overseas, Cao Minh Chau was instructed by Nguyen Dinh Huy to set up the so-called "Movement for National Unification and Democracy Building" in four countries. Films and pictures of the ceremonies to introduce the movement to the public were forwarded to Vietnam to facilitate Huy's efforts to expand his organization.

In April 1993, after detecting Nguyen Dinh Huy's plan to revive the reactionary activities of the former Tan Dai Viet Party, the Ho Chi Minh City administration instructed local security services to summon Huy and his cohort and order them to cancel their activities. Instead of complying, they made quick preparations for the introduction of the so-called "Movement for National Unification and Democracy Building." From overseas, Cao Minh Chau made arrangements for a number of people to go to Vietnam and take with them money, materials, and equipment to help Huy make preparations for the introduction ceremony in terms of agenda, materials, programs, Vietnamese and foreign guest lists, hotel accommodation... The introduction ceremony was supposed to take place under the cover of an "international seminar." Nevertheless, all materials, particularly the opening speech that Huy prepared himself, were actually designed to rally Vietnamese and foreign forces and introduce his reactionary organization to them. The contents of the opening speech negated the anti-U.S. national salvation struggle of our people and were filled with reactionary and instigative terms designed to smear the Communist Party. They were part and parcel of the scheme to deceive public opinion at home and abroad and prepare the way for the overthrow of the political regime that our people have sacrificed their blood and bones to safeguard and consolidate. When they thwarted this plot, our security agents seized many reactionary documents dubbed political platform, declaration, constitution, appeal, regulations, flag, and "national anthem"; and printed materials compiled and published by Huy and his cohort.

This was a particularly serious case. Most of the criminals had a very long history of close association with the aggressors, lent a helping hand to the latter's plot to oppose our people, and nurtured the constant desire to oppose and overthrow the people's administration for 20 years.

Acting in line with the spirit of taking severe action against the strongheaded instigators and of being lenient toward those who show repentance and provide correct information, and pursuant to Article 73 of the Civil

Code, the adjudicating council imposed the following sentences:

— 15 years in jail for Nguyen Dinh Huy;

— 14 years in jail for Pham Tuong;

— 12 years in jail for Bui Kim Dinh;

— 11 years in jail for Nguyen Ngoc Tan and Dong Tuy;

— eight years in jail for Nguyen Van Bien;

— seven years in jail for Nguyen Tan Tri; and

— four years in jail for Tran Quang Liem and Nguyen Van Chau.

Nguyen Tan Tri will be deported from Vietnam after serving his five-year prison term and Tran Quang Liem will be deported from Vietnam after serving his four-year prison term. The remaining defendants are to be put under surveillance and deprived of their civil rights as stipulated under the law.

Australia

Keating Denies France Has Right to Nuclear Test

LD0109095895 Melbourne Radio Australia in English 0900 GMT 1 Sep 95

[FBIS Transcribed Text] Australia's Prime Minister Paul Keating says French nuclear tests in the South Pacific will be an affront and an expression of French contempt. Mr. Keating issued a statement in Canberra (?explaining) that France would soon detonate an underground nuclear device at Mururoa, possibly in the next few days. He said France had no moral right to conduct the test. Mr. Keating said the Pacific environment may not suffer damage this year or next but no one could guarantee this and no one could guarantee that the damage might not develop in 20, 50, or 100 years' time. Mr. Keating said Australia had been forced to take the most wide-ranging diplomatic measures it had yet taken against another democracy. The prime minister said protests by Australians should be directed at the French government and not the French people.

McMullan Views APEC Trade Liberalization Plan

BK3108105395 Singapore Radio Corporation of Singapore in English 1000 GMT 31 Aug 95

[FBIS Transcribed Text] Australia has reaffirmed its confidence in Japan's commitment to develop an action plan to carry out APEC's [Asia-Pacific Economic Cooperation] goal of trade liberalization. Visiting Trade Minister Bob McMullan added that while good progress has been made before the next APEC meeting in Japan later this year, he noted that there are still some significant hurdles to be overcome. He said one of these is the difficulty faced by members in totally opening up their economies, especially those with politically sensitive agricultural sectors. However, he is optimistic that the issue can be resolved within the time frame set for achieving free trade. The Australian minister also noted that the issue of comparability in concessions must be resolved.

[Begin McMullan recording, in progress] Within the domestic political process of each APEC member, we all need to be able to demonstrate to our critics that we are not giving away concessions for nothing or for too little in return. I articulate Australia's position, which I believe is shared by many others, that Australia will give nothing for nothing. [end recording]

Mr. McMullan, who was speaking at a luncheon with reporters, was here on a one-day visit. He had earlier met Deputy Prime Minister Lee Hsien Loong and Trade and Industry Minister Yeo Cheow Tong.

Stronger Trade Ties Sought to Central Pacific

LD3108104795 Melbourne Radio Australia in English 0900 GMT 31 Aug 95

[FBIS Transcribed Text] Australia is establishing official trade links with the United States territory of the Northern Marianas. The Australian trade commission, Austrade, has appointed an Australian living in Guam, Graham Poon, as its representative to pursue trade and investment opportunities in the Marianas. Austrade has also appointed Fiona Buthnold from the Australian Embassy in the Federated States of Micronesia to investigate export and investment opportunities in Palau and the Marshall Islands. Austrade says it is focusing on three sectors in which Australian industry could provide products and services to the Central Pacific: Building and construction, power and water utilities, and food.

PRC Treatment of Forum Delegates Protested

BK0109054795 Melbourne Radio Australia in English 0500 GMT 1 Sep 95

[FBIS Transcribed Text] The Australian Government has formally protested to the Chinese Foreign Ministry after Beijing security police tried to close down a meeting of Australian women delegates attending the UN Forum Conference in a Beijing hotel. The Australian Government also lodged the complaint with the Chinese Embassy in Canberra. An Australian women representative said Chinese security police entered their room in the (Kunlun) Hotel, rifled through documents, and removed video and microphone equipment as well as chairs and banners.

French Polynesia

Antinuclear Protesters Clash With Riot Police

BK0109021995 Melbourne Radio Australia in English 0100 GMT 1 Sep 95

[FBIS Transcribed Text] In French Polynesia, there has been a clash between riot police and demonstrators protesting against France's decision to resume nuclear weapons tests in the South Pacific. Scuffles broke out at Tahiti airport when about 60 riot police with shields surrounded a group of protesters, including some elderly women, and began herding them off the tarmac.

A small group of protesters had earlier run through the airport's baggage area, kicking open glass security doors and fighting with police to reach the area. The French program of seven or eight nuclear tests is expected to begin in the next few days and be completed by next May.

Riot police were also in action yesterday when a group of antinuclear protesters stormed the French gendarmerie headquarters and the offices of the French High Commission in the capital, Papeete.

Papua New Guinea

Framework Treaty With Solomon Islands Finalized

LD3108112095 Melbourne Radio Australia in English 0900 GMT 31 Aug 95

[FBIS Transcribed Text] Officials from Papua New Guinea [PNG] and Solomon Islands have finalized the text of the proposed framework treaty that will guide future relations between the Melanesian neighbors. Sean Dorney reports that the officials, meeting in the Solomons capital Honiara, had less success with the more controversial Basic Agreement on Border Arrangements, which will now have to be further worked on at a future meeting.

[Dorney] Papua New Guinea already has a framework treaty with its two bigger neighbors, Indonesia and Australia, and the one whose text was finalized at this meeting in Honiara follows a broadly similar pattern. The leaders of the two delegations, PNG's foreign secretary, Gabriel Dousava, and the Solomon Islands' permanent secretary for foreign affairs, Benjamin Nyouyea, say they weren't able to conclude their deliberations on one of the major subsidiary agreements, that relating to border arrangements, but they hoped to finalize its text in the near future. Although they also discussed the proposed repatriation of Bougainvilleans, the delegation leaders said they had only exchanged preliminary views on how the estimated 2,000 people who fled to Solomon Islands because of the secessionist war, might be returned home.

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